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NEWS SUMMARY

GENERAL

Shah flies into Egypt

The Shah of Iran flew into Egypt to be greeted by President Sadat after leaving his country for what was described as "a holiday."

As news of the Shah's departure spread, the streets of Iran were blocked with people singing and dancing and drivers blew their horns. Photographs of the Shah's chief opponent, Ayatollah Khomeini, appeared everywhere.

Shortly before the Shah and his wife flew out in a blue Boeing 707, the civilian Government formed by Dr. Shapour Bakhtiar had been approved by the lower house of Parliament. The Senate approved it on Monday.

The Shah said at the airport that he was very tired and in need of medical treatment. The length of his stay away from the country would depend on his health, he said. Back Page; Iran without the Shah Page 18

Hijack fails

Lebanese officials were negotiating for the release of 73 passengers aboard a Boeing airliner hijacked by three Palestinians. It had returned to Beirut airport after being refused permission to land in Cyprus.

Disaster charge

Spanish magistrates have issued preliminary charges of criminal negligence relating to last July's camp disaster in which 210 people died. The charges are against the owners of the gas tanker and the suppliers of the cargo. Page 2

Imperial's claim

Imperial Tobacco told the High Court that the decision to prosecute it over the John Player Spot Cash promotion scheme had cost the company tens of thousands of pounds. Imperial claims the scheme does not contravene the Lotteries and Amusements Act, under which it is being prosecuted. Page 6

Need for tugs

A report sent to the Government by United Towing says the UK is exposing itself to unnecessary pollution risk because of a shortage of tugs capable of dealing with crippled tankers.

Irish members of the European Parliament have asked for aid for the Bantry Bay area where the tanker Betelgeuse exploded last week.

NY jobs cut

New York City's latest attempt to balance its budget involves the cutting of at least 6,000 jobs, some in the police and fire services, out of its 170,000 labour force. Page 4

Boycott in form

A century by Geoffrey Boycott helped the England cricket tourists to a nine-wicket victory over Northern New South Wales.

Proll plea 'No'

West Germany's Justice Minister has rejected a plea for clemency on behalf of the suspected former Baader-Meinhof terrorist Astrid Proll, who expects to hear today whether she will be extradited from the UK to face charges.

Briefly . . .

South Africa hanged 132 people last year, one of whom was white.

Police guard was placed on Danish Premier Anker Joergensen following recent bomb incidents in Copenhagen.

Chief Paymaster of Zambia's armed forces has been charged with stealing about £36,000.

Fifteen of Bolivia's 18 Cabinet Ministers resigned to ease the path for a return to democracy.

Thirty-two people dies in a bus crash near Caracas, Venezuela.

BUSINESS

£ adds 95 points —Gold up $4¾

● EQUITY leaders drifted after the first hour, ahead of the Government's statement on the transport crisis. But secondary issues later encouraged a better tone. FT 30-share index, down 2.5 earlier, closed 1.3 off at 481.5.

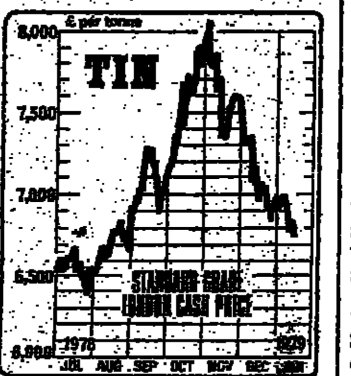
● GILTS: Mediums and longs made gains of ¼. Improvements of ⅛ among shorts were not held, and they finished with losses of that amount. Government Securities Index rose 0.05 to 67.92.

● GOLD rose $4¾ to $221½.

● STERLING rose 95 points to $2.0025. Trade-weighted index was unchanged at 63.2. Dollar's depreciation widened to 8.8 (8.7) per cent.

● WALL STREET was off 8.06 at 840.61 near the close.

● TIN PRICE fell £75 to £6,760 a tonne on the London Metal Exchange, on possible releases from the U.S. strategic stockpile. Page 27



● U.S. TREASURY Bill rates: threes 9.411 (9.316) per cent; sixes 9.534 (9.443) per cent.

● LACK of progress in the EEC dispute over farm financing arrangements has led France, as President of the Council of Ministers, to cancel next week's Farm Council. Back Page

● BRITISH shipping is probably through the worst of the industry's worldwide slump, but 1979 will still be a tough year, Mr. Ronnie Swayne, president of the General Council of British Shipping, said. Back Page

● SCOTLAND'S economic growth rate may now be only half that of the UK as a whole, Scottish Economic Planning Department figures show. Page 5

● WHINNEY Murray and Turquands Barton Mayhew, two of the biggest U.K. accounting firms, are to merge, to become the third biggest accounting firm in Britain. Page 5

● SIME DARBY has officially announced an offer for Guthrie Corporation at 425p a share, valuing Guthrie at £122m. Page 21 and Lex

COMPANIES

● SGB pre-tax profit rose to £10.69m (£8.25m) on turnover of £93.8m (£79.74m) for the 53 weeks to September 30. Page 20

● TRIDENT TV pre-tax profit reached a record £9.92m (£7.16m) on turnover of £65.36m (£60.54m) for the year to September 30. Page 20

● MATSUSHITA Electric Industrial Company parent company registered a 17 per cent rise in net profit to a record Y56.85bn (£287m) in the year ended November 20. Sales also reached an all-time high, gaining 11 per cent to Y1,598bn (£8.1bn). Page 24

● ALLIED COLLOIDS pre-tax profit rose to £2.6m (£2.36m) on external sales of 13.5m (11.27m) for the half-year to September 30. Page 20

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Alpine Soft Drinks	143	+ 5
Berisford (S. & W.)	163	+ 6
Bradford Prop.	293	+ 6
Brown and Jackson	266	+ 21
Burton A	184	+ 9
Dixon (D.)	126	+ 7
Dixons Photographic	137	+ 4
ERF	119	+ 5
Eurotherm Intnl.	232	+ 10
Guinness (A.)	175	+ 4
MFI Furniture	198	+ 8
Man. Agency Music	119	+ 4
Neill and Spencer	135	+ 5
Robertson Foods	138	+ 8
SGB	180	+ 5
Startrite	162	+ 10
Trafford Park Ests.	134	+ 6
Ward and Goldstone	113	+ 13
Wholesale Fittings	342	+ 17
Anglo Amer. Corp.	325	+ 12
Anglo United Dev.	228	+ 13
Ayer Hitam	400	+ 10
Killinghall Tin	240	+ 10
Union Corp.	297	+ 13
Westfield Minerals	275	+ 35

FALLS

Flight Refuelling	200	− 7
GEC	325	− 6
Glaxo	500	− 5
Gordon and Gotch	72	− 3
Hambros	181	− 6
Highgate Optical	34	− 3
Home Charm	275	− 7
Stanley (A. G.)	195	− 6
Willis Faber	236	− 4

Aid for the low-paid and Price Commission strengthened

Callaghan peace package

BY RICHARD EVANS, LOBBY EDITOR

MR. JAMES CALLAGHAN put forward a package relaxing the Government's wages policy yesterday in a bid to avoid a series of crippling strikes in the public services and a sharp surge in inflation rate.

The proposals, announced in the Commons debate on the industrial situation and the current strikes in road haulage and the railways, are intended to persuade the trade unions to enter another social contract before Mr. Callaghan is forced to call a general election.

The Prime Minister's package involves:

1—A scheme to allow low-paid workers in the public service, particularly local authority manual workers, a choice of £3.50 a week or 5 per cent if they earn under £70 a week. The Government's present guidelines restrict all settlements for workers earning more than £44.50 to 5 per cent.

Ministers have not tried to hide the fact that they regard the coming negotiations between local authorities and their manual workers as potentially the most sensitive politically of the current pay round. The intention is to allow the employers increased flexibility while retaining the basic pay policy.

2—*The powers of the Price Commission are to be increased in a short Bill to be presented to Parliament shortly.* This has been an increasing vocal demand of the trade unions, but it is by no means certain that the minority Government can get it through Parliament.

Ministers are anxious that the change should not be seen as a backdoor pay sanction. Instead it is being presented as a means of strengthening strengthening price controls.

3—A promise to the public-sector unions to take more acount of private-sector wage settlements in their own wage negotiations.

When either employers or trade unions in the public sector request comparability the Government will consider setting up an inquiry to decide "acceptable forms of comparison" with private industry.

Despite the retreat in the face of industrial strife in the private sector, Mr. Callaghan insisted that the Government's 5 per cent pay guideline must stand, and the Government would continue to use all its influence to see that it did.

He accepted that since the loss of sanctions in December pay offers were increasing, and that there was clearly a danger that inflation would begin to rise rapidly. This the Government was determined to prevent.

"We do not intend as a Government to finance inflation . . . we intend to adhere strictly to our monetary targets with the inevitable effects this could have on the growth of the economy and on employment," he declared.

The Prime Minister went out of his way to condemn the road haulage workers for not accepting the "more than reasonable" offer of 15 per cent, and urged them to go back to work before more damage was done to the economy.

He also promised that the Government would speed its consultations on a code of conduct for picketing. He considered this a more satisfactory way of dealing with a growing problem than legal action.

Before Mr. Callaghan's essentially defensive speech, Mrs. Margaret Thatcher opened the debate with an impressively forceful attack on the Government's handling of the economy.

She was particularly critical of Ministers for the way they had allowed secondary picketing to grow in scope through the increasing power and influence given to the trade unions.

She insisted that the only right in law was for peaceful picketing and there was no basis for permitting intimidation or for putting pressure on drivers to obey pickets by threatening withdrawal of union cards.

Mrs. Thatcher urged the Prime Minister to hold an immediate inquiry into both picketing and the effects of the closed shop, and said he would have total backing from the Opposition if he agreed to do so.

Christian Tyler writes: The Prime Minister's concession may not be sufficiently generous to pacify public-service workers, some of whom in the water industry are already taking industrial action.

The change in the rules would add only about 2 per cent to the 5 per cent rejected by the unions representing nearly 1.5m essential workers. In cash terms it would add £1 a week to the average £2.50 a week offer made by local authorities and rejected by the unions.

By a general relaxation for the lower paid—perhaps some 9m workers could benefit—Mr. Callaghan has spread his generosity very thinly and also raised the question whether lower-paid workers who have already settled at 5 per cent, like those in the textile industries, will be allowed to re-open their deals.

Last night Mr. Alan Fisher, general secretary of the National Union of Public Employees, said: "I welcome the fact that the Government has moved away from its 5 per cent.

Continued on back page

INSIDE

Rebel lorry drivers continue with secondary picketing

BY JOHN ELLIOTT AND NICK GARNETT

THE IMPACT of the lorry drivers' strike on food supplies and industrial production continued to increase yesterday as strikers in many areas ignored their union's policy of ending secondary picketing.

Production at BL has started to be shut down, Volvo in Sweden, might have to cut its car output by the end of next week because UK-made components are blockaded in the Humber ports.

Tinplate production will stop at the weekend, making food supply more difficult. UK shipowners are losing £2m revenue a day through the strike.

The Road Haulage Association's national committee of regional negotiating chairmen will today hold its first main review of the situation, since the effects of the strike started to build up. Joint union-association negotiating committees for the West Midlands and Scotland also meet today and tomorrow.

The association was adament yesterday that members were not prepared to increase their 15 per cent offer. Its North Humberside region said that a meeting of hauliers in Hull reaffirmed that no improvement should be made.

National officials of the association have indicated, however, that a decision by Mr. Roy Hattersley, Prices Secretary, not to invoke a restraining order on haulage rates might change at position.

Mr. Alex Kitson, the senior Transport and General Workers' Union official co-ordinating the strike, said yesterday that dozens of road haulage companies had settled in almost all areas of the country, including 40 in the South-west and 22 in Newcastle. Drivers at those companies were returning to work.

It was still unclear how many of those companies were association members, or whether they were pure haulage companies or had production interests. The level of settlements was unknown.

The union said that it was controlling picketing more tightly Much secondary picketing of employers not directly involved in the dispute, had been withdrawn.

The union was having difficulty in dismantling some of the unofficial strike committee structures set up when the regional stoppages began. Manchester, where some secondary picketing had been extended, presented particular obstacles.

Secondary picketing was widely reported and priority items such as food and drugs were said to be blocked. The worst affected areas are the North [illegible] and the Midlands, where more than 50,000 people have been laid off.

Picketing is severe at many ports. Volvo said last night that if the strike continues, output of its 240 and 260 models would be ffaected by the end of next week and that workers would have to be put on to training and other activities.

Volvo has started to fly components out of the UK. Saab might also be affected.

BL is closing its Cowley plant today, causing 5,000 layoffs and a halt to Marina, Maxi and Princess production. Tonight production at Longbridge of Minis and Allegros will stop, causing another 8,000 layoffs. BL estimates that by the end of the week its layoffs will reach 20,000 to 25,000.

The steel industry's position worsened with the announcement that South Wales's tinplate production will cease next weekend with 6,500 layoffs. The British Steel Corporation added that yesterday's train strike had caused more immediate general damage than the lorry dispute. More blast furnaces might have to stop operating if there are no trains tomorrow.

The tinplate closure will harm the packaging industry, which is also suffering from shortages of chemicals and other raw materials. Metal Box has suspended the guaranteed week for many of its 15,600 employees and pet food manufacturers are running short of cans.

Large food retailers are complaining that secondary picketing at their grocery warehouses might increase food shortages.

Animal feeds are still being affected and in Yorkshire, the lives of at least 600,000 pigs and 2.5m poultry are in danger.

Oil tanker drivers are refusing to cross picket lines. Diesel fuel deliveries to some lorry companies are being stopped and drug compahies are continuing to be affected.

Some companies to be exempt

BY ELINOR GOODMAN, LOBBY STAFF

UNDER THE Government's plan to abolish most of the profit safeguards in the price control rules some protection will be retained for companies which are the subject of a sectoral examination as opposed to a specific company probe.

The safeguards allow companies to increase prices regardless of the Prime Commission, if failure to do so would reduce profit levels beyond a certain point, based either on a company's past performance or its return on turnover.

Their virtual abolition would enable the Government to order a price freeze where it has been recommended by the Price Commission without the same inhibitions as now, and more importantly, prices could be frozen during one of the commission's three-month investigations.

It would be up to the commission to use its discretion as to whether a company could afford to freeze its prices.

The legislation, assuming it is passed, will operate retrospectively. No company notifying the Price Commission of an increase after today will be able to invoke the safeguard provisions.

The only safeguards to be maintained are those which come into operation when the commission investigates a whole sector of industry at the Prices Secretary's recommendation.

The protection is offered in two form: one related to a company's past performance and the other guaranteeing a company a return on turnover of 3 per cent or more.

The historic profit provision is likely to be abolished but the return on turnover clause is likely to be retained, although possibly in some modified form.

The change, which has been pressed on the Government by the TUC and its own backbenchers, is to be the subject of a short Bill which will be introduced within the next three weeks.

Since the Liberals have already said they will oppose it, and the support of the Ulster

Continued on back page

£ in New York

	Jan. 16	Previous
Spot	$1.9980-9975	$1.9975-9990
1 month	0.44-0.39 dis	0.40-0.34 dis
3 months	0.99-0.94 dis	1.16-1.08 dis
12 months	3.00-2.80 dis	3.45-3.25 dis

Willis Faber backs New York insurance exchange scheme

BY JOHN MOORE

WILLIS FABER, the international insurance broker and one of the most influential members of the Lloyd's of London insurance community, is planning to play an important role in the emerging New York Insurance Exchange—the U.S. answer to Lloyd's.

With Johnson and Higgins, the largest private insurance broker in the U.S., Willis Faber is to set up a joint company—Johnson and Higgins Willis Faber—which will introduce underwriting members to the new exchange, form those members into syndicates, manage the syndicates' affairs, and recruit expert underwriters. The letter will be responsible for the today-to-day acceptance of insurance business for the syndicates.

Willis Faber is the first major Lloyd's of London broker to plan such an ambitious entry into this new insurance market. Mr. Ronald Taylor, Willis' chairman, said yesterday: "We do not think that the new insurance exchange is going to be a seven day wonder. We are putting our influence behind it to help it develop."

Other major Lloyd's brokers were surprised yesterday by the Johnson-Willis initiative, but they agreed that the emergence of a potentially important market could not be ignored by brokers.

The interest of such an important broker in the exchange —which could be in operation in October—is likely to give it the international acceptability that it is seeking.

Unhappy

In London, yesterday, Lloyd's underwriters were unhappy that one of its major brokers had signified approval for the new market, which could become a serious rival to Lloyd's itself.

In some Lloyd's quarters there was annoyance that Willis Faber had not altered the ruling Lloyd's committee about its intentions.

The move by Willis Faber is part of an overall drive to forge closer links with the U.S. insurance market. Johnson and Higgins is Willis largest single client. Willis handles all the group's marine and aviation business.

But the two groups do not plan to get closer together by pooling their insurance interests. This is being done by London brokers, C. T. Bowring, Sedgwick Forbes, and Bland Payne in conjunction with U.S. brokers Marsh and McLennan and Alexander and Alexander.

Willis said yesterday: "We have lifelong friendships, ease and familiarity in dealing together."

The group is planning to go into other joint ventures with Johnson in the U.S. to consolidate its American operations.

The U.S. produces over a half of the world's non-life insurance premiums. The Willis chairman added: "We are after a few crumbs from the rich man's table."

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For latest Share Index 'phone 01-246 8026

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Germany heading for another big payments surplus

BY JONATHAN CARR IN BONN

WEST GERMANY appears to have built up a large surplus in 1978 not only on its foreign trade but also on other key items of its balance of payments.

This emerges from statistics for the first 11 months released yesterday by the Bundesbank. Although the November figures are provisional and the December ones awaited, it is unlikely that later information will alter the basic trend.

The development is of interest not least becauese West Germany frequently has argued that although its trade surplus is relatively high, it has consistently reduced its current account surplus (to DM 8.6bn—£2.32bn—in 1977 from DM 25.4bn in 1974). And it points out that its basic balance (the balance of the current account and the long-term capital account) was in deficit last year.

These arguments, among others, were used to deflect demands from abroad last year that West Germany should do more to stimulate its domestic economy and reduce its big visible trade surplus.

The figures show that in the first 11 months last year the trade surplus totalled DM 38.9bn against DM 34.2bn in 1977. And while the current account surplus totalled only DM 5.3bn January-November last year.

One reason for this was a marked decline in West Germany's traditional deficit on services—from DM10.8bn in January-November 1977 to DM8.3bn last year. The deficit on transfer payments was somewhat less, too, with the Bundesbank noting that for the whole of 1978, West Germany's net contribution to the European Community "will be not much less than in the previous year (DM3.2bn)."

The basic balance for the first 11 months of 1978 shows a surplus of DM14.96bn against a deficit of DM3.7bn in the same period of 1977.

Here the most important development has been a major swing in long-term, private capital movement—resulting in a surplus of DM4.8bn last year against a deficit of Dm12.6bn in 1977.

Norway urged to reduce role of state in industry

BY FAY GJESTER IN OSLO

NORWAY MUST break loose from an economy based on selective state support to industry and return to a market economy. This is the message of a 25-page policy document, "Norwegian Industry in the 1980s," published by the Norwegian Federation of Industry.

The Federation says that the aim of industrial policy should be to re-establish Norwegian industry's ability to compete and its power to expand. Cost levels mustb e reduced, productivity increased, and profitability strengthened.

To achieve these goals, the Federation proposes an 11-point action programme, including tax reforms, measures to stimulate share trading, faster development of Norway's hydro-electric generating capacity, moer emphasis on new product development and less interference from competent protection agencies. Environmental restrictions should be eased, the document argued, while protectionist tendencies must be resisted. It should, however, be possible to use Norway's petroleum resources as a bargaining counter to win advantages for Norwegian industry in foreign countries. Finally the authorities must keep the value of the Norwegian crown under constant review, partly because of its effect on industry's costs.

Resentment at the state's growing influence in Norwegian industrial life is a key theme in the report. Through its subsides to industry, its acquisition of companies in difficulties, and through the stream of new laws and regulations affecting industry, the state has taken control over more and more of industry's day-to-day decisions, the document claims.

Similarly, though the Federation approves of using Norwegian oil and gas to secure advantages for Norwegian industry, it does not want this managed by the state. Oil deals between the Norwegian state and other countries allow the state to choose Norwegian industry's foreign partners, to say what it should produce, and which Norwegian companies should benefit.

A record number of Norwegian companies went bankrupt last year, according to official statistics, writes Fay Gjester in Oslo. A total of 671 bankruptcies and 64 negotiated settlements with creditors were recorded, compared with 538 and 38 respectively in 1977.

Malta plans £21m deficit

BY GODFREY GRIMA IN MALTA

A BUDGET deficit of M£28.5m (£21m) for the coming nine-month financial year which ends in December has been announced by the Maltese government.

The deficit — the first to be run by Prime Minister Dom Mintoff's administration in the eight years it has been in power — is the result of increased spending on development and the loss of an annual M£13.3m of income from Britain and NATO in return for the use of military bases. These bases will close down in March.

Almost half the deficit this year will be offset by a surplus of more than M£8m accrued from previous years. After that Mr. Mintoff's Government is hopeful that Libya will make available M£28m every year for the next five years.

Dr. Joseph Abela, the Finance Minister, who presented the budget to Parliament, also announced increases in the price of fuel, national insurance contributions and a streamlining and improvement in social benefits including children's allowances. M£1.50 weekly cost of living wage increase was also awarded.

Barre unveils jobs package

By David White in Paris

THE FIRST package of new employment schemes for the first crisis-hit parts of France was disclosed yesterday by M. Raymond Barre, the Prime Minister.

The list of job-creating schemes, mostly in France's industrial northern tip, uses up about a quarter of the FFr 3bn (£352m) State subsidy fund set up last year to help these regions fund activities other than steel and shipbuilding.

M. Barre said some FFr 800m was committed in State aid for private investment schemes drawn up in the four months since Parliament approved the special aid fund. In total, 11,600 jobs are to be created.

But the measures could not be expected to raise an enthusiastic union response. The new companies will absorb less than half the number of workers being made redundant in steel mills and the shipyards. The latest steel cutbacks alone account for over 20,000 jobs to be shed by the end of next year.

M. Barre said he hoped the announcement would demonstrate to those French workers who had suffered most from the industrial slack that the Government was taking positive action on their behalf.

Over half the new jobs — 6,800 — will be in the Nord-Pas de Calais region, two-thirds of these around Valenciennes where the biggest steel company, Usinor, is severely reducing its operations. These new plans include a Peugeot gearbox plant.

The principal steelmaking region, Lorraine, gets only 1,000 jobs to compensate for taking the bulk of the 20,000 redundancies. These include 600 jobs in a General Motors battery factory, plans for which were announced in November.

M. Barre said, however, that one had to count 8,000 jobs created to offset the previous steel redundancy plan, and 1,400 jobs promised in the Vosges region of Lorraine after the collapse of the Boussac textile empire last summer.

Ironically, unlike Nord-Pas de Calais, under the Fifth Republic, Lorraine has always been in the Government's electoral pocket.

The remaining jobs are 1,000 in the Ardennes, including expansion of a Citroen factory, 1,500 in the Loire-Atlantique region of the west coast and 1,300 in the shipbuilding region around Marseille, where 3,000 jobs have been lost in two companies alone.

Credit Lyonnais admits £4.5m share fraud loss

By Our Paris Staff

THE Credit Lyonnais, one of France's top three nationalised banks, yesterday confirmed that it had suffered an unaccounted loss of some FFr 37m (about £4.5m), as the result of fraudulent share and bond dealings on foreign markets, mainly in London.

A bank spokesman said the loss had been discovered during a reorganisation of its portfolio management services. A British employee of the bank, who had been questioned on the subject three months ago, had since disappeared.

The loss is the second of its kind suffered by the bank in recent months. One year ago, a sum of FFr 15m was unaccounted for as the result of share and commodity dealings by a French employee.

Italian administration's fate hinges on economic plan

BY PAUL BETTS IN ROME

WITH THE publication of the Italian Government's medium term economic recovery plan, the dominating question is whether it will prevent the break up of the parliamentary majority backing the minority Christian Democrat administration of Sig. Giulio Andreotti.

An important indication will come today when *Communist Party leaders meet to* analyse programme at a time of marked deterioration in the relations between them and the Christian Democrats.

Sig. Luciano Barca, a leading Communist economic spokesman, yesterday became the latest top party member to criticise the ruling party, claiming that the recovery programme did not appear to contain substantial additions to the original draft submitted to the political parties at the end of summer.

While the political forces are concentrating their attention, on the surface at least, on the economic plan, the fundamental issue is clearly the confrontation between the Communists and the Christian Democrats.

The Communists probably face the more difficult dilemma. The party has seen its electoral support dwindle ever since it joined the governing coalition. This has provoked strains in the party which, at its national congress in March, is faced with having to approve party policy for *the next few years.*

The Communists are considering dropping out of the parliamentary majority, hoping as a result to renew their tarnished image. Such a move, however, would inevitably lead to the collapse of the majority and increase the threat of early elections. These the Communists would prefer to avoid, especially if they were to coincide with the party's March congress.

The Christian Democrats, foreseeing possible gains in an election, have firmly refused any modification of the governing formula which would give Communists a greater say in government. Indeed, Sig. Benigno Zaccagnini, the Christian Democrat reformist secretary-general, said in New York this week that his party would never accept the direct participation of the Communists.

Against this background, Sig Andreotti appears to have left his economic programme deliberately vague. By concentrating on broad guidelines generally accepted by all the parties, he *has retained some* margin of maoeuvre.

Andreotti assembles a fragile edifice

BY RUPERT CORNWELL IN ROME

SIG. GIULIO ANDREOTTI, the Italian Prime Minister, is renowned as a glutton for work. But even he must have resented spending part of his 60th birthday (a Sunday to boot) in the umpteenth series of meetings to put the final touches to the long-heralded three-year economic recovery programme which has just been published here.

That he did so is proof of the importance of the scheme first set out four months ago by Sig. Filippo Maria Pandolfi, his Treasury Minister: not just as the written guarantee of the country's proclaimed determination to remain firmly anchored in the EEC (as testified by the somewhat surprising decision to join the European monetary system at the outset) but as the saviour of Italy's disintegrating political consensus.

For the latter goal to be attained, things may already gone too far. Although the broad strategy has the backing, in theory, of everyone from the International Monetary Fund to the Communist Party here, that observation in the present Italian political climate is little more relevant than saying that Britain's Government and unions are agreed on the need to control inflation.

But it does not detract from the plan's value as, at the very least, a statement of what should be done to lift Italy from mouth economic survival on to the path of steady and less vulnerable growth. At the very worst, too, the 167-page document could be an uncomfortable future reminder of the gap between promise and performance for the West's sixth largest industrial power.

Its constant theme is the need to shift resources from consumption into investment. In other words, for jam tomorrow after certain economic sacrifices today. The slower increase in consumption is implicit in the stipulation that the public sector borrowing requirement must be contained and then reduced, and, most controversial of all, that organised labour should accept wage increases that do no more than maintain current purchasing power.

In practice, this would mean only very small pay rises other than the considerable protection now afforded by the "scala mobile" system of automatic wage indexation to cover inflation—in its entirety for salaries up to L400,000 (£240) per month.

The resources that ideally would be freed by wage restraint, and a smaller slice of the national cake employed to finance the public sector borrowing requirement, would then be ploughed back in the form of investment to generate between 550,000 and 600,000 new jobs by the end of the period. Many of these would be created in the depressed Mezzogiorno southern region, for which the plan provides capital spending commitments of over L20,000bn and actual investment by the Cassa per il Mezzogiorno of more than L12,000bn.

By the end of the three years total fixed investment is scheduled to reach L62,100bn annually, compared with L38,000bn in the admittedly stagnant year of 1978. Most important of all, in the light of the observation by Sig. Guido Carli, head of the employers' association Confindustria and former Governor of the Bank of Italy, that 70 per cent of available credit went to the public sector and only 30 per cent to private enterprise, the latter's share is due to increase greatly by 1981.

The fragility of the edifice can be gauged from the three main assumptions on which it is based. The first, that the lira exchange rate will remain roughly steady, may have been the case recently, but past experience inspires no great confidence, given the propensity of the economy to suck in imports rapidly in a period of vigorous growth. Secondly, the planners have guessed at a steady expansion in world demand, from 4.5 per cent this year to 5.5 per cent in 1981. It is the third, though, which is most risky—that labour costs will remain steady.

This premise, of course, leans heavily on a successful incomes policy, and there is no sign that the Italian unions are proving compliant, as they embark on negotiations for the wage contracts, which by coincidence run for the same period as the programme itself.

Unsatisfied by the promised assistance for the Mezzogiorno, the major unions have called a four-hour national strike for February 2, while the powerful metalworkers are demanding wage increases in excess of the theoretical guidelines of the plan, and a cut in the working week to between 36 and 38 hours as well.

There is, of course, one other big question mark hanging over the entire scheme—the infinite capacity for delay, not only of the public administration, but also of the politicians themselves. Sig Paolo Savona, managing director of Confindustria, recently noted that of every L100 allotted to the South, only L20 were now being spent, compared with L50 a decade ago.

The project attempts to circumvent this difficulty by introducing the concept of "silence is approval": that if nothing is heard after a while of a particular measure, it is assumed to have been accepted. Also, legislation will be brought in to ensure that action decided under the plan is granted the status of "substantial national interest" to speed it along. But as the La Repubblica newspaper remarked yesterday, this last provision was first applied to hasten help for Naples, whose plight does not seem to have lesesned since then.

Political tensions notwithstanding, the economic circumstances of the project's launch could hardly, by Italian standards, be more propitious. This division between vision and harsh reality is almost plaintively referred to on the very first page.

As its author remarks, the document fulfils an undertaking made with the creation almost a year ago of the emergency formula of government. But it has belatedly seen the light of day when that unprecedently large parliamentary majority is apparently close to collapse.

A line or two further on one reads that Italy now has a fleeting chance to put its house in order by methods of its own choosing, temporarily free of the risk of being forced into even more unpleasant remedies by an external crisis.

The latest statistics show that this margin of manoeuvre does exist. In 1978, for the first time in 36 years, the country may well have achieved an overall trade surplus. Its balance of payments surplus may reach $7bn, one of the largest of any Western industrial country.

The autumn brought with it signs of a useful recovery in industrial production, evidence that the benefits are spilling over into what Mr. Denis Healey, the British Chancellor of the Exchequer, likes to call the "Real" economy. The 1978 inflation rate of 1.9 per cent is marginally better than forecast.

The essential ingredient though for any medium-term plan, as the document admits, is a stable environment. We are back where we started with politics, and the risk is great that the plan will largely remain what the Italians call a "libro dei sogni," or book of dreams, gathering the dust kicked up by political agitation.

ECONOMIC PLAN FORECASTS

	1978*	1979	1980	1981
	Year-on-year percentage increases			
GDP	2	4.5	4	4
Imports	3	9.0	7	7
Exports	5.5	4.5	5	5.5
Internal demand	1.4	5.6	4.5	4.5
Household consumption	1.8	4.5	4	3.5
Public consumption	2.4	2.5	2	2
Investment	−1.8	7.1	8	9
Overall PSBR (as percentage of GDP)	16.6	15.6	15.8	15.6

* 1978 figures are estimates except for prices.

New rules for Spanish banking

BY ROBERT GRAHAM IN MADRID

THE BANK of Spain has issued a sharp reminder to the banking community on the need to observe professional practice, and has established some new regulations, especially concerning the presentation of accounts. This follows close monitoring by the Bank of Spain's 108 private, commercial, and industrial banks. The Spanish banking authorities are worried that some might seek to window-dress balance sheets badly affected by the current recession. The recession has produced a sharp increase in bad debts and a decline in the value of equity portfolios.

The reminder, in the form of a circular, is primarily designed to impress Spanish bankers with the need to raise professional standards. Bank of Spain officials believe that in recent years the banking community has become too obsessed with superficial questions of prestige and ranking. (There is great rivalry over where a bank is placed in the "league" of top banks).

Bankers are reminded also that "the protection of the interests of the depositor is above that of the shareholders." Last year, there were four bank collapses. Depositors, however, were protected through a deposit guarantee scheme, organised by the Government, and the creation of a special "bank hospital."

The circular points out that banks must make sufficient provision for losses, and draws attention to 1974 legislation on the required proportion between capital and reserves, and deposits. The circular provides new instructions on accounting for doubtful debts. The Bank of Spain has asked for 25 per cent cover for those debts in arrears for over six months. The percentage follows a sliding scale through to 100 per cent for arrears of over two years.

Other instructions cover valuation of bank assets. These must be valued at cost. It expressly forbids the practice of a bank selling shares—usually to a shadow company—at a profit which are then bought back at an inflated price by the same bank, so enabling the latter to raise their book value. There is also a bid to try and stamp out fraudulent inter-company dealings. The difficulty here, admitted by Bank of Spain officials, is that where shares are not quoted (a frequent case in Spain), it is hard to obtain correct valuations.

While not having the full force of law, officials claim the circular has the effective authority of law. It represents the toughest assertion yet of the Bank of Spain's authority. Though issued in December, its contents are only now becoming widely known. In banking circles, where the bulk have greeted it as timely, the circular is being referred to as the Bank's "pastoral letter."

European MPs critical of Davignon steel package

BY BRIJ KHINDARIA IN STRASBOURG

THE Common Market Commission's plan for the EEC's beleaguered iron and steel industry ran into a broadside from European parliamentarians here yesterday.

The main concern of MPs was to ensure that the flood of facts and figures cited in analysing the industry's malaise should not obscure the difficulties of the workers who are losing their jobs.

French members of Parliament from the Lorraine region were particularly blunt in their attacks on the Commission, provoking Viscount Etienne Davignon, the Industry Commissioner who has lent his name to the plan, to comment that accusing the Commission of being unconcerned about human problems would only distract attention from the important issues.

Since 1978, the Commission has gradually implemented a package of short-term economic measures, placing controls on output, fixing minimum or guide prices, and imposing import curbs. Last November Viscount Davignon promised further restructuring of the steel sector, combined with measures to cushion the effects on workers made redundant.

The European Parliament renewed its approval of the plan for 1979, but emphasised that the final aims should be to restore competitiveness to the sector. Bilateral deals with foreign competitors should make it clear that their behaviour must not hinder the Community's aims.

It is estimated that, despite an annual increase of about 2.5 per cent in internal Community demand for steel, the Nine will have an over-capacity of 20m-25m tonnes in 1983: down from the current surplus of 40m. European MPs are worried that increasing redundancies will cause uncontrollable social and political troubles, particularly in the regions which rely for employment mainly on their traditional iron and steel industries.

Greenland: world's largest island seeks a louder voice

BY HILARY BARNES IN COPENHAGEN

A CONSULTATIVE referendum to be held in Greenland today is expected to give a substantial majority in favour of the introduction of home rule from May 1 this year. The decision will have far reaching implications for Greenland's future membership of the EEC and for the exploitation of raw materials, including uranium.

For over 20 years Greenland, the world's largest island with an area of 2.1m sqare kilometres and a population of only 50,000: was a Danish colony. It has been an integral part of the kingdom with the status of a county and, as such, automatically became a part of the EEC in 1973 together with the rest of Denmark.

The Danish Government has promised the Greenlanders that if they wish to leave the EEC once they have obtained home rule, the Government will do nothing to stop them. In the 1972 referendum on Danish membership of the EEC, a big majority in Greenland voted against.

Until the Second World War, Greenland was basically a hunting and fishing community. After the war the Danes decided that the colony must be modernised. A crash programme was put into effect, and in 25 years Greenland's living standards have been transformed.

Living standards are now equal to standards in Western Europe. The Greenlanders in the towns buy the same provisions as Copenhagen housewives do and they live in Danish-designed blocks of flats.

But Greenland necessarily was developed by Danish doctors, nurses, teachers, technicians and administrators. As few of the Danes speak a word of Greenlandic, a difficult Eskimo language, there is a general feeling of alienation among the Greenland people.

Modernisation also meant that the population had to move from the hunting and fishing settlements scattered up and down the west coast (and a few on the east coast) into urban townships of a size which could be provided with modern services. The transformation has created many social problems, not least a serious level of alcoholism.

Home rule will not solve any of Greenland's problems overnight, but both the Danes and the Greenlanders hope that it will go a long way towards making the Greenlanders feel that the country is really theirs, to be administered as they wish, even if for years to come most of the administrators will have to be Danes. There are only two Greenland doctors and one dentist on the island.

The home rule system will follow the general principle that anything the Greenlanders can finance themselves they can also admister, but it will go further than this and hand over social affairs, culture affairs, industry policy, and employment policy, among other things, to the Greenlanders. They will receive block grants from Denmark earmarked for these purposes.

Foreign policy defence, the currency are among areas which will remain the exclusive preserve of the state, and the Danish constitutions, which guarantees the fundamental civil rights, will also continue to apply in Denmark.

Under home rule, Greenland will be governed by a Landsting (Parliament) of 18 to 21 members and a Landsstyre (Government) of three to five members. Right of taxation, control of the fishing industry and national planning will be taken over by the Lindsting.

Raw materials policy was a major source of conflict for the joint Danish-Greenland Commission which worked out the home rule system. The Greendlanders wanted it spelt out that Greenland raw materials belonged to the Greenland people, with the Landsting alone deciding whether and how resources should be exploited.

The arrangement arrived at provides for joint administration, Both Danes and Greenlanders will have a veto over the major decisions. The revenues from exploitation will go to replace Danish subsidies, and in excess of this level they will be shared between Denmark and Greenland.

The conflict came to a head at the time that international oil consortia began to drill for oil and gas off the west coast of Greenland, but the wells drilled in 1976 and 1977 showed that no oil was ever likely to be found. However, there is an area on, and off, the east coast

of Greenland which is also favourable for oil prospecting and another area in the very north of Greenland.

Uranium has been found at the Kvanefeldt, near the town of Narssarssuaq, about 200 kilometres north of Cape Farewell on the west coast. So far 25,700 tonnes have been located, but no decisions have been taken to exploit the ore.

There is some opposition to home rule from two groups, from a Marxist-Leninist youth organisation, which advocates independence, and from communal politicians, who fear that their independence will be less under the rule of the Landsting than under the Ministry for Greenland.

The two main political organisations, Siumut (Forward) a socialist party, and Atassut (Feeling of Community), a moderate, pro-Denmark, pro-EEC organisation, are both supporters of home rule.

Their leaders, Mr. Jonathan Motzfeldt, Siumut, deputy chairman of the Greenland Provincial Council, the senior elective body, and Mr. Lars Chemnitz, Atassut, chairman of the Provincial Council, are expected to be the leading figures in the new Landsting.

It will come as a major surprise if the voters do not follow the recommendation of these two organisations. A poll has already shown strong support for home rule and there is probably little backing for independence. All the mainstream politicians regard it as unrealistic, both for economic (85 per cent of the Greenland national product consists of subsidies from Denmark) and strategic reasons.

As Mr. Lars Emil Johansen, Siumut, one of the two Greenland members of the Danish Parliament, has put it, an independent Greenland would be forced to make a choice between the two super powers: "It is much safer to be attached to a small friendly Scandinavian country."

Future relations with the EEC will be one of the key issues for the new Landsting. There is a strong opinion in the Siumut party in favour of leaving the EEC and obtaining a special fishing and trading agreement but opinion may have changed radically among the electorate since a two-toa-one vote against membership in the referendum.

There was an intersting intermezzo last summer, when Mr. Motzfeldt was suspended from his post as chairman of the Siumut Party for making a statement in favour of EEC membership, but at a party congress the executive council's decision to suspend him was reversed. That could be a sign that anti-EEC feeling is on the wane.

The procedure will be that the Danish Government will endeavour to negotiate "special arrangements" for Greenland with the EEC. If these arrangements are obtained, the Landsting will be able to decide whether to stick with the status quo or to call for a new referendum.

The special arrangements will cover three areas—fisheries, free establishment, and law. The Greenlanders want restrictions on free stablishment and they want a ruling that EEC directives and laws do not automatically apply to Greenland.

On fisheries, which is the most important issue, the Greenlanders want guaranteed preferential treatment for Greenland fisheries in Greenland waters. In practice they have received preferential treatment. The EEC has awarded them as much of the "total allowable catch" in Greenland waters as they can catch. This means all of the cod quota in west Greenland waters and nearly all the shrimp quota.

But the Greenlanders want their preferential treatment laid down in writing, and although the European Commission is said to be favourable to the Greenland wishes, member governments are sceptical, particularly Ireland and the UK.

Since 1973 the EEC has paid for 50 per cent of all commercial education in Greenland and it has provided half the investment cost of an airport for fixed-wing aircraft at the Greenland capital of Godthaab (at present transport in Greenland is by helicopter, sledge or sea, as there are no interurban roads). The EEC also provided DKr 2m (£200,000) towards prospecting for uranium.

Danish politicians have indicated that Denmark will not have enough money to pay for all the development projects in Greenland over the next few years and pointed out that the EEC's Regional Fund could be a useful source of alternative finance as long as Greenland stays in the EEC.

Fisheries policy (which in practice has not worked to the disadvantage of Greenland fishermen) and a strong feeling against being controlled from Brussels, were probably the two factors behind the big anti-EEC vote in 1972. Distaste for Brussels offers plenty of opportunities to Greenland politicians on the make, but it is anyone's guess how a referendum on the EEC would go in the foreseeable future. It certainly cannot be taken from granted that it would be a repeat of the 1972 vote.

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AFTER THE SHAH

Khomeini promises new constitution for Iran

BY OUR FOREIGN STAFF

PARIS—The Ayatollah Ruhollah Khomeini, the Shah's chief political opponent, announced yesterday that he would return to Iran "at the first proper time." He would set up a provisional Government which would lead to the convening of a "popularly-elected constituent assembly for the ratification of the new constitution," he said.

The Ayatollah, who is living on the outskirts of Paris, sent his congratulations "to the heroic people of Iran" on the departure of the Shah. "The Shah's departure is the first step towards ending 50 years of the Pahlavi dynasty," his statement said. "The departure of the Shah is not the final victory, it is the preface to our victory."

He called on all groups to forget their differences and join together to reconstruct the country. The important thing was not the abdication of the Pahlavi dynasty but an end to foreign domination.

Last week, Roger Cooper, a Persian speaker, interviewed the Ayatollah at his bungalow near Versailles.

Asked to comment on the view of Dr. Shahpur Bakhtiar, Iran's Prime Minister, that religious leaders should stick to religion and leave politics to politicians, he denounced him as a "traitor, with no legality whatsoever."

The points which emerged from the interview and from his lectures included the following. Once "victory is achieved," he would hold a referendum on establishing an Islamic republic. He would review, and where necessary revise, every law in the statute book. He denied, convincingly, that he was influenced by anyone, "except God." He also denied, less convincingly, that his personal sufferings at the hands of the Pahlavis—his arrest and exile, the alleged murders of his father and son—were the cause of his anti-Shah campaign.

On purely economic questions, he would not permit oil production to exceed domestic consumption during the Shah's rule, and thereafter would permit exports only "to the level that Iran needed oil revenues," a hint perhaps that he considered previous production of up to 6m barrels a day too high. On agriculture he was vague, merely saying he knew the problem was serious but hoped that "experts, Iranian experts" would solve it. On foreign trade he said enigmatically that he would "ban things that are harmful to our country and people, and never permit countries to turn Iran into a market for their consumption. We will destroy trade subservience." And, on banking, he painted a gloomy picture for those with banking interests in Iran by declaring: "Interest is 'haram' (sinful), and if we need banks we must find other ways."

The Ayatollah Khomeini

Pol Pot troops recapture town

BY OUR FOREIGN STAFF

FORCES OF the toppled Cambodian regime recaptured Kompong Som and Vietnamese warplanes flew the heaviest air strikes of the war against Cambodia's only deepwater seaport, according to intelligence officials in Bangkok.

But the officials, confirming that the town was retaken on Monday after heavy fighting, could not say who was holding Kompong Som yesterday. Kompong Som is 220 kilometres south-east of Phnom Penh on the Gulf of Thailand. They also reported sharp naval engagements around several islands in the Kompong Som area and a Vietnamese attack on the largest of them—Kong Island—which is believed to have recently become a major centre of activity for loyal Cambodian troops trying to set up guerrilla bases and begin an anti-Vietnamese insurgency.

The fighting on Kong was reported amid indications that forces of the new Hanoi-backed administration in Phnom Penh were meeting stiff resistance in their attempt to extend their control elsewhere in Cambodia.

At the Eastern Thai border town of Aranyaprathet, opposite the north-western Cambodian province of Battambang, intermittent artillery and mortar fire was heard from inside Cambodia throughout Monday night and briefly yesterday.

Wong Sulong adds from Kuala Lumpur: Malaysia warned yesterday that as many as half a million boat refugees could be leaving Vietnam in the next few months if Hanoi persists in encouraging them to depart.

Jordan, PLO join talks in Damascus

By Ihsan Hijazi in Beirut

SYRIA AND Iraq, which intensified contacts in a bid to force united, are also pressing Jordan and the Palestine Liberation Organisation (PLO) to join them in an alliance against President Anwar Sadat and the Camp David accords between Egypt and Israel.

King Hussein yesterday visited Damascus for talks with President Hafez Assad of Syria, and possibly with Mr. Yasir Arafat, the PLO chairman. The visit coincided with the presence in the Syrian capital of the Iraqi Defence and Foreign Ministers, who have been discussing a Syrian-Iraqi military union with their Syrian counterparts.

● Louis Fares writes from Damascus: The Iraqi and Syrian Defence Ministers, visited the Syrian front line in the Golan Heights yesterday.

● Reuter adds from Tel Aviv: Israeli commandos swept ashore from a naval vessel under cover of early morning darkness to destroy a Palestinian guerrilla headquarters building on the south Lebanese coast, a military spokesman said yesterday. In addition, Israeli warships pounded other guerrilla bases

Threat to S. Africa-Botswana relations

BY QUENTIN PEEL IN JOHANNESBURG

THE CLASH between South African police and suspected guerrillas near the Botswana border, in which one guerrilla was killed and another captured, is likely to exacerbate the deteriorating relations the two countries.

According to the South African police, seven guerrillas belonging to the banned African National Congress were involved in a shoot-out on Saturday.

A spokesman for the office of Sir Seretse Khama, the Botswana President, said the South African claim that five guerrillas had fled back across the border was being investigated by the Botswana police. But he also expressed concern at the threat by Mr. Jimmy Kruger, the South African Police Minister, to launch "hot pursuit" raids across the border if there were future incidents.

The senior official said the Botswana Government had no knowledge of the presence or movement of guerrillas in the country, and repeated the Government policy "not to permit Botswana to be used as a springboard for attacks on its neighbours." He admitted, however, that it was possible that a guerrilla group had come from Botswana.

The South African Government, however, is increasingly concerned at the threat of infiltration by nationalist guerrillas through Botswana, as well as at what it sees as the radicalisation of its traditionally moderate neighbour, as the war in Rhodesia has deteriorated.

The latest incident is the third shooting incident between guerrillas and South African police within three months, and all the groups have been in the northern and western Transvaal; apparently coming from Botswana.

ARAB INVESTMENT IN EGYPT

Mr. Sadat tries his friends

BY ROGER MATTHEWS IN CAIRO

THE MOST complex task facing President Anwar Sadat and the Egyptian Government in 1979 is simultaneously to carry out major and urgently needed economic reforms, to achieve a basis for a comprehensive Middle East peace settlement, and to maintain satisfactory links with the financially most important members of the Arab world.

Failure in one could easily spell disaster in the other two. It is arguable that the area in which Mr. Sadat has paradoxically the greatest room for manoeuvre and also runs the greatest risks is his relationships with other Arab nations.

President Sadat has certainly tested the inherent friendship and common aims of his two main financial supporters, Saudi Arabia and Kuwait, during the past 14 months, first by his unilateral peace initiative, second by the agreement signed with Israel and the U.S. at Camp David, and third by the intemperate attacks he allowed the Cairo Press to launch following the Arab summit meeting in Baghdad. Perhaps by design, these tensions were allowed to occur at a time when financial aid from the oil-producing states to Egypt was at its lowest level for several years.

Since the 1967 war with Israel and the closure of the Suez Canal direct, Arab grants *have been a vital factor in the* Egyptian economic scene. Although precision is difficult in a situation where public promises are sometimes not kept and where secrecy is second nature. it is known that for the years from 1967 to 1973 Egypt received on average about $310m annually from Saudi Arabia, Kuwait and Libya. Despite the reopening of the canal the so-called Khartoum Agreement is still operating, although Libya withdrew support after disagreement over the conduct of the 1973 war.

After that war and following the quadrupling of crude oil prices non-military direct Arab grants increased dramatically. In 1973 the figure was in excess of $720m in 1974, some $1.26bn, in 1975 just below $1bn, in 1976 about $625m. Then, in 1977, it climbed sharply again following the price riots in January to $1.7bn of which the bulk was disbursed during the calendar year.

The importance of these grants can be better assessed when related to Egypt's external deficit on goods and services. They covered, respectively, 111 per cent, 78 per cent, 40 per cent and 41 per cent in the years from 1973 to 1976. The main contributor throughout this period, with the exception of 1975, was Saudi Arabia, followed by Kufait, the United Arab Emirates and Qatar.

These same countries have also made substantial deposts with the Central Bank of Egypt, some $1.4bn having been placed to bloster Egypt's capital account in 1975 alone. A further $300bn is understood to have been deposited in 1976, but despite such assistance it was insufficient to cover the overall external deficit in 1973, 1974 or again in 1976. As a result, Egypt fell back on short-term borrowing and it was then that a corrective effort was launched in 1977 with the formation of the Gulf Organisation for Development of Egypt and later the Consultative Group for Egypt which brought together the country's main Arab and western creditors.

By using some $825m to *eliminate payments arrears,* rescheduling an important percentage of short-term debts, raising further international loans, and through an increase in workers' remittances, oil sales and Suez Canal revenues, Egypt was in a position to negotiate a $730m three-year extended fund facility with the IMF last summer and to enjoy a year relatively free from the post-1973 crises. At the same time disbursements from the industrialised countries, and particularly the U.S. which is now providing around $1bn a year in all forms of assistance, have become steadily more important.

It was into this more promising but still structurally insecure position that Mr. Sadat dropped his Camp David bombshell. The Saudis and Kuwaits had already been upset by President Sadat's failure to consult them before going to Jerusalem. After Camp David at the 21?nation Baghdad summit in November they made no major effort to prevent the conference agreeing on a number of economic measures to be taken against Egypt should a "separate" deal with Israel be signed.

The threat is in many ways very limited. A trade boycott would be ineffectual, first because only 7 per cent of Egypt's total trade is with Arab countries, and second because it would not be policed or adhered to. Similarly, neither Saudi Arabia nor Kuwait could in principle agree to withhold financial aid from Egypt for well known political and strategic reasons. Their fear of the spread of Communism and the threat of Soviet encirclement is a greater spur to action than almost anything the conservative Mr. Sadat can do.

The real dangers would seem to be vacillation, caution, pique, and a combination of economic circumstances that could together help to provoke another Egyptian crisis. No new commitments to Egypt were made by the Arab states last year and total funds from the Khartoum agreement, residues from 1977, and support in international markets, are understood to have totalled less than $500m. Egypt did ask Saudi Arabia for a further $500m in June but was refused.

While there does not seem to have been any noticeable decline of "private" investment by the oil-producing states in Egypt—which goes mainly into property and the tourism industry there has been a falling off of the number of holidaying Arabs whose free-spending habits provided a useful addition to foreign currency earnings. The Saudis have also held up delivery of 50 F-5E fighter aircraft from the United *States to Egypt because of the* price they were being asked to pay. There is additionally some anxiety over the future of the Arab Organisation for Industrialisation, the multi-million dollar armaments industry which is funded by Saudi Arabia, the UAE and Qatar but substantially based in Egypt.

The combination of all these factors, plus the fall of the value of the dollar and the oil states' own liquidity difficulties, makes President Sadat's negotiations with Israel additionally hazardous. It is perhaps not surprising that he is looking for additional financial insurance to the industrialised world. The cost to the West of a peace treaty has recently been put by Mr. Sadat at $3bn a year over five years, and although that should not be taken too seriously because of Egypt's current problems in absorbing rather smaller sums, it was perhaps significant that in listing the potential donors he put the United States first, West Germany second, Japan third, and friendly Arab states back into fourth and subsequent places.

Sadat to visit Khartoum

BY ALAN MACKIE IN CAIRO

PRESIDENT SADAT is to address a joint session of the Egyptian and Sudanese parliaments in Khartoum on Saturday, at the end of a week of intensive discussions which should bring integration between the countries a practical step nearer.

Mr. Mustafa Khalil, the Egyptian Premier, has been in Khartoum since last Friday heading an Egyptian mission which includes 14 other ministers, to discuss joint development projects, improving communications, scientific and technical co-operation, a new trade protocol and Red Sea security.

Plans are already advanced to make the southern Egyptian governorate of Aswan and the northern Sudanese government of Al-Shamaleya both of which border Lake Nasser, into a single development area. The two countries have already voted the capital for the Egyptian - Sudanese Mining Company which will study the setting up of a caustic soda plant and co-operation in sugar extraction. They also discussed the integration of tractor ...production — both countries are negotiating setting up plants with Massey-Ferguson—and the integra- of their textile industries.

A trade protocol worth $101m has been signed, which should double bilateral trade. The total value of planned development projects approaches E£1bn.

Egypt has long wanted to strengthen its ties with Sudan to tap that country's vast agricultural potential and secure its own food supplies —food security programmes have been given top priority in Egypt's investment plan. But for Sudan traditional fears of Egyptian domination necessitate a cautious approach. However, President Jaafar Nimairi's backing of Mr. Sada's stand in the Arab-Israeli peace talks and his fears for the regional expansion of Communism suggest strong political interests in common with the Egyptian President.

AMERICAN NEWS

Bolivian Cabinet Ministers resign

LA PAZ—Most of Bolivia's Cabinet Ministers resigned on Monday night in a move aimed at smoothing the path towards a return from military rule to democracy, according to a Government official.

Of the ministers who were in La Paz, 15 out of 18 handed President David Padilla a note saying they were resigning to give him a free hand in choosing a new team.

This followed the promulgation last Thursday of a series of reforms aimed at holding more democratic elections, scheduled for July 1.

Of the three other ministers, two were in other parts of the country and Mr. Jorge Echazu, the Mining Minister, was in London for an International Tin Council meeting.

A new cabinet was due to be named late yesterday. An armed forces faction, which wants a quick return to democracy overthrew former right-wing military president Juan Pereda last November and installed Gen. Padilla, a moderate, in his place.

Gen. Pereda had seized power in a coup last July after an electoral court annulled his victory in an election earlier that month on the grounds that there had been widespread fraud in the voting.

From 1971 until early last year Bolivia was ruled by a right-wing military government headed by Gen. Hugo Banzer.

Bolivia's main trades unions have called their supporters to hold marches throughout the country this Thursday to repudiate an alleged rightwing plot to prevent the elections being held.

The left-wing People's Democratic Unity political opposition coalition meanwhile has accused groups of businessmen and military officers of plotting a coup.

Reuter

Nixon will re-visit White House

WASHINGTON—Mr. Richard Nixon, the former U.S. President, will return to the White House later this month for the first time since he was driven out of office by the Watergate scandal four and a-half years ago.

Mr. Nixon will attend President Carter's state dinner in honour of Mr. Deng Xiaoping (Teng Hsiao-ping), China's Vice Premier, on January 29.

A White House official said Mr. Nixon was invited "because of his role in opening up the process of normalisation" with China. Mrs. Nixon was unable to accept her invitation.

Mr. Gerald Ford, Mr. Nixon's successor at the White House, has also been invited to the dinner.

Mr. Nixon has been in Washington only twice since his resignation as President on August 9, 1974. Neither visit included a return to the White House.

AP

New York City plans to cut out 6,000 jobs

BY JOHN WYLES IN NEW YORK

NEW YORK CITY is being forced to cut employment in some basic services, including fire and police, in the latest phase of a long-running struggle to balance its budget and avoid bankruptcy.

Mayor Edward Koch, torn between federal Government pressures for maximum economies and local needs for maximum employment, yesterday unveiled plans for saving $250m in the fiscal year starting July 1 by eliminating at least 6,033 jobs from a total city labour force of just over 170,000.

Despite this austerity which the popular Mayor clearly finds distasteful, he is still depending on a far from certain $200m of additional aid from New York State and $100m from the federal Government in order to narrow the budget gap.

After the cuts, the city's budget deficit is still expected to exceed $430m in fiscal 1980, widening to $1bn or more by 1982 when the city is pledged to have a balanced budget. With this indication that even more drastic surgery may be needed next year and beyond, the White House has been urging Mayor Koch to make substantial budget cuts this year.

Both the Mayor and the White House were embarrassed nine days ago by the leaking of a White House memorandum suggesting that the city had been slow to implement budget cuts so far and that Mayor Koch would have to be urged to do more.

Mayor Edward Koch

Yesterday the Mayor listed two categories of payroll reductions. Level one, slicing 6,033 jobs, will be implemented but if this does not produce the expected savings, a level two would be triggered to cut out a further 2,242 jobs.

It is still unclear how many job reductions will be achieved through natural wastage and how many through direct redundancies. The plan calls for a reduction in police employment of 500 through transferring some non-patrol functions to other agencies and a greater use of civilians. The Mayor says there will be an overall increase of 800 patrolmen.

More civilians are also to be employed in the fire service in administration and inspection. Hardest hit will be the Board of Education which will lose 3,597 workers and save $53m. Tuition fees at City University will also be increased to raise $100m.

Venezuela 'will resist' calls to raise oil output

CARACAS—President Carlos Andres Perez says Venezuela should resist international pressure to raise its oil production to help fill the gap created by the shutdown of Iran's petroleum industry.

"Venezuela could be subjected to pressure to sell more oil, and we should resist this as much as possible. As I said a year ago, when production was declining, the oil that is not sold now can be sold tomorrow at higher prices, the President told reporters in Valencia.

Venezuela's oil production during the first two weeks of 1979 averaged 2,206,000 barrels a day, just over the 2.2m barrels set by the Government as maximum output in order to conserve dwindling reserves.

Proven reserves are expected to run out in about 20 years at the present production rate. The state oil monopoly, Petroleos de Venezuela, has begun offshore exploration to find new deposits of conventional crude.

Venezuela also possesses large reserves of non-conventional extra-heavy crude in its so-called "Orinoco oil belt"—but these deposits require as yet undeveloped technology to make production profitable. President Perez has said world oil prices must reach $20-25 a barrel before production would be worthwhile.

Even if Venezuela wanted to increase production to help meet shortages created by the crippling of Iran's oil industry, such efforts would be limited due to a maximum production capacity of 2.5m barrels a day. Oil experts also warn that producing at maximum capacity can damage older wells.

Venezuela is a key supplier of oil to the U.S. and Canada. With the shutdown of the Iranian industry, the country has become the third leading oil producer in the Organisation of Petroleum Exporting Countries (OPEC) behind Saudi Arabia and Iraq.

AP

Rio bus strike provokes commuter riot

RIO DE JANEIRO — Military police fired into the air yesterday to disperse angry crowds stoning buses halted by an illegal drivers' strike, which paralysed public transport in Rio de Janeiro. Five people were injured.

Troops were called in to keep order as crowds of stranded commuters turned into angry mobs at stations and ferry terminals throughout the city.

The strike, over pay and conditions, affected Rio's 5,200 private buses. The small municipal bus company provided extra vehicles, but many were stopped by frustrated travellers unable to find room, or else were hopelessly overloaded. Army lorries were provided in the poorer districts to carry labourers to work, and private cars were besieged at traffic lights by people wanting a lift. Strikes in essential service industries are illegal in Brazil.

Reuter

Unions delay boycott of Chile

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

A GROUP of major international trade unions yesterday deferred immediate implementation of a boycott on goods moving to and from Chile.

After a two-day meeting here in the offices of the AFL-CIO, the American union federation, a brief statement was issued in the name of Mr. George Meany, leader of hte AFL-CIO, and Sr. Juan Jose del Pino, general secretary of ORIT, the inter-national union organisation.

The statement said: "We have met to plan the mechanisms to comply with the Lima resolution, and to discuss the inherent problems of taking action. Such a trade union activity, because of its profound international significance, demands serious analysis in order to achieve a successful execution."

Plans for a press conference after the meeting were cancelled, and the principals declined to comment on the proceedings. This may reflect continued internal disagreements between the trade unionists over the efficacy of a boycott on Chilean trade—the boycott would also apply to Nicaragua—but may also mean that the Chilean Government has promised to make further concessions on trade union rights.

Last month, apparently alarmed at the consequences to the Chilean economy of a boycott, Gen. Augusto Pinochet's Government sent a special emissary to Washington to plead with Mr. Meany. Soon after, the Chilean Cabinet was reshuffled, with the new Labour Minister promising that free trade union elections could be held in the middle of this year.

CONGRESS AND THE CHINA TREATY

Carter sends business into battle

BY DAVID BUCHAN IN WASHINGTON

"YOUR SUPPORT for the policies necessary to place our economic relations with China and Taiwan on a sound footing is essential," Mrs. Juanita Kreps, the U.S. Commerce Secretary, openly appealed to a gathering of some 500 business executives in Washington this week. It was the most oversubscribed businessmen's briefing that the State Department had given in recent years, and the Carter Administration had wheeled out no fewer than three Cabinet officers, Mrs. Kreps, Mr. Cyrus Vance, the Secretary of State, and Mr. Michael Blumenthal, the Treasury Secretary, plus Mr. Zbigniew Brzezinski, President Carter's national security guru, in quick succession.

The strong pitch made to the business community stems from the concern that its backing may prove the vital factor in persuading the political doubting Thomases in Congress, and the diehard right-wing congressional opposition to approve President Carter's moves to establish diplomatic ties with Peking and cut them with Taiwan. At stake will be the Administration's proposals in the coming months to Congress to grant China U.S. Government creditsa nd preferential tariff treatment, while continuing the strong commercial links with Taiwan in a new framework.

The Administration appeal constitutes a direct ploy to undermine the base of Mr. Carter's right-wing opponents, who moved quickly this week to draw up the battle lines in Congress. The day Congress reconvened, Monday, two Republicans, Senator Robert Dole and Representative Jack Danforth table resolutions in each House, requiring the U.S. to break off all ties with Peking, if the latter showed any aggressive intent towards Taiwan.

The bait for businessmen to go in to bat for the Administration in the corridors of Congress is certainly tempting. Mrs. Kreps estimated, from Chinese plan targets, that China would import some $50bn of complete industrial plant between now and 1985. "The full capital equipment bill could run to $70 to $80bn in the period 1978-85," she said, with U.S. exports totalling $10bn over the next five years.

This would be double the annual rate of $1bn in two-way trade in 1978.

At the same time, for the many American companies which together hold a $500m direct investment stake in Taiwan, all three Cabinet secretaries sought to emphasise that, diplomatic relations apart, it was "business as usual" with that country. Indeed the Commerce Secretary saw no reason why U.S.-Taiwan trade should not increase from its present two-way $7bn annual level. Since Canada and Japan established diplomatic relations with Peking in the early 1970s, their trade with Taiwan had risen by 540 per cent and 230 per cent, respectively.

The assembled businessmen were incidentally treated to a first-hand glimpse of the philosophic divergence between Mr. Vance and Mr. Brzezinski, though the latter quipped that he and the Secretary of State had agreed to read each other's speech. The perceptible divergence came, as before, on attitudes to the Soviet Union. Mr. Vance claimed "our interests are best served when we seek ties with both Peking and Moscow and Peking—while the more hardline Mr. Brzezinski said the U.S.-China rapprochement faced the Soviet Union with a fundamental choice. This was "whether to become a responsible partner in the creation of a global system of genuinely independent states, or whether to exclude itself from global trends and derive its security exclusively from its military might and its domination of a few clients."

Administration optimism about the prospects for U.S.-China trade is tempered with caution about some of the knotty problems that lie ahead. The first hurdle centres on the assets frozen in the U.S. and China since the two countries broke off relations 30 years ago. Mr. Blumenthal, who will go to Peking late next month, warned there were some finicky legal points concerning the $200m of frozen U.S. assets in China and the $75m in assets that China claims from the U.S.

A second hurdle will be the negotiation of a trade agreement. Discussions on this will start when Mrs. Kreps arrives in Peking in late April. The Administration hopes an agreement can be reached by the end of the year. Mrs. Kreps said the U.S. wanted to negotiate an orderly marketing agreement with the Chinese on textiles, one export that it is thought will be extremely competitive in the U.S. market.

The Administration is sanguine that the virtually debt-free Chinese Government will get private loans from U.S. banks to finance a large chunk of its expected imports. But if its optimistic predictions about a doubling of U.S.-China trade are to come to pass, China will also need better tariff treatment, so that exports earning hard currency can pay for increased imports, and credits and guarantees from the U.S. Export-Import Bank. This will be the sticking point with Congress, and the chance for the Congressional Right wing to show its hand.

For both these measures—Most Favoured Nation tariff status (which incidentally would give to China any concession made by the U.S. in the current GATT trade talks) and Ex-Im credits—require legislative approval. In this connection Congress has on its books the Jackson-Vanik amendment, requiring Communist countries seeking these trade privileges to show they do not restrict emigration. China may find such proof hard to come by!

Other issues, such as taxation of U.S. operation in China and a possible shipping agreement to carve up the transport of bilateral trade, will also come up in the Blumenthal and Kreps missions to Peking in the next three months. A very late entrant in the game, the U.S. starts well behind the West European and Japanese competitors, and Administration officials are under little illusion that there is a lot of ground to be made up.

WORLD TRADE NEWS

Italian fears grow over Iran deals

By Paul Betts in Rome

ALARM IS growing here over the catastrophic consequences the events in Iran could have on a number of major Italian state-controlled and private groups involved in Iranian deals estimated to total some $5bn.

The situation is particularly delicate for Condotte d'Acqua, the civil engineering group controlled by the giant state holding, Istituto per la Ricostruzione Industriale (IRI).

Although the company is still continuing some work on the $1.5bn harbour project at Bandar Abbas it is currently owed some $200m by Iran. A payment of $50m, Teheran was scheduled to make one and a-half months ago, has been blocked by the banking strike in Iran.

For Condotte, which according to its original contract was to complete the first part of the Bandar Abbas harbour project in April, the situation is exacerbated because Bandar Abbas is effectively the only large contract left in the company's order books.

Condotte has now virtually completed the port of Sines in Portugal, and other contracts, including a series of road and irrigation infrastructures in Argentina valued at $500m. Building projects in Spain and France and the planning of railways in Nigeria and Saudi Arabia are not of the same magnitude of Bandar Abbas.

The other major Italian concern seriously worried by the situation in Iran is the state-controlled Italimpianti group, which is now reported to have stopped work on the $2bn project to build a steel complex at Bandar Abbas. Work is also reported to have been suspended on the construction of some 500 kilometres of roads near the Afghanistan border by the Italian Italstat state group.

Other Italian deals threatened are the completion of the doubling of the gas pipeline to the Soviet Union by Saipem, a subsidiary of the state Dydrocarbons agency, Ente Nazionale Idrocarburi (ENI), a number of thermo-electrical plants being built by the Italian GIE consortium and a contract for the construction of 50 schools by the IRI-controlled Ipy Systema.

The Fiat civil engineering group, Impresit, is also understood to have been unable to start activities on a hydro-electrical plant at Kalan, while there is also concern for the Agusta contract, the state-controlled aerospace company which has already delivered more than 350 light helicopters to Iran. Agusta is still due to produce some 40 larger helicopters to Iran worth an estimated $425m.

In the face of these mounting difficulties for Italian companies with major operations in Iran, there is now also concern in banking circles here. Indeed the Italian banking system is already being asked to extend financial support to the groups involved.

But the situation could also have repercussions on Italy's general terms of trade. In the first half of last year, Italian exports to Iran totalled L475bn, but there has since been a slow down in export performance with sales to Iran between July and the end of October amounting to L270bn. During the last two months of 1978, exports to Iran are expected to have dropped dramatically.

At the same time, Iran was the third largest supplier of crude to Italy during the first half of last year after Saudi Arabia and Iraq. Iran oil imports during the six-month period totalled some 6.2m tonnes valued at about $605m.

Japan reintroduces interest subsidies for shipowners

BY YOKO SHIBATA IN TOKYO

THE JAPANESE Cabinet has approved the restoration of the interest payments subsidies scheme to help Japanese shipowners buy new ships and provide work for Japan's shipyards. The scheme has been suspended since fiscal 1975.

To finance the scheme the Government has appropriated Y71bn from the fiscal 1979 national budget. This will meet the cost of subsidising interest payments on funds raised to pay for new vessels totalling 1m gross tons, the Transport Ministry said.

Under the subsidy scheme (Keikaku Zosen) the government will cover 3.5 per cent per annum of the interest payment on loans provided by the Japan Development Bank (set at 6.05 per cent per annum) and commercial banks (7.1 per cent) for construction of LNG carriers and liner vessels under the government sponsored shipbuilding programme. The interest subsidy on the construction of trampers and tankers will be 3 per cent. As a result, the actual interest burden born by the shipowners will be trimmed to 2.8 per cent, the lowest since the government-sponsored shipbuilding programme was launched in 1947.

At the same time, the ratio of the loan provided by the Japan Development Bank is to be upgraded to 75 per cent (25 per cent by commercial banks) from 70 per cent for container ships and LNG carriers, and to 65 per cent (from 60 per cent) for other ships.

The interest subsidy scheme has been introduced by the Ministry of Transport as a measure to restore the falling international competitiveness of the Japanese shipping industry and to rescue the recession-hit shipbuilding industry by stimulating the demands for new ships. It will be operated as a temporary measure for three years starting from fiscal 1979.

According to the shipping industry, the new interest rate subsidy should reduce the overall cost of buying a ship by about 20 per cent.

The construction of LNG carriers already planned by Nippon Yusen, Mitsui OSK Lines, Yamashita Shinnihon Steamship, and Kawasaki Kisen are likely to receive interest subsidies under the new scheme.

Licence for British Wool label

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

EIGHT JAPANESE textile manufacturers, including two of the largest companies in the industry (Kanebo and Toyobo), have been licensed by the British Wool Marketing Board to use its lebel. a BWMB official told the Financial Times yesterday.

The Japanese companies are the first outside Britain to be allowed to use the lebal which guarantees that garments carrying it are made of pure virgin British wool.

The Wool Marketing Board began negotiations with the companies concerned after being approached by Japanese trading companies which had been importing British wool and woollen products through their London branches.

The licensing of Japanese companies to use the BWMB lebel is expeted t oresult in a substantial increase in exports of British raw wool to Japan. Exports in the five months from May to September last year were worth £3m, equivalent to the value of shipments in the whole of the previous 12 months.

However, there are fears that introduction of the exclusive BWMB label by Japanese companies could result in increased competition for British manufactured wool products, including worsted cloth which is a major British export item to the Japanese market. Doubts also exist as to how effectively the Marketing Board will be able to monitor use of the label by Japanese companies to which it has issued licences.

Alfa-Chrysler talks on possible joint venture

BY OUR ROME STAFF

FINMECCANICA, THE Italian state engineering holding company which controls the Alfa Romeo car group, confirmed yesterday it has opened exploratory talks with the U.S. Chrysler group to discuss a possible joint venture in the southern region of Calabria.

While declining to comment on reports that the venture involves the construction of a new plant valued at $450m, Finmeccanica said it was holding consultations in Italy and abroad in an attempt to find "significant long-term solutions" for its car manufacturing activities.

These includle the Arese Alfa Romeo car plant near Milan and the southern Alfasud plant at Pomigliano d'Arco in Naples. Both Alfa Romeo and Alfasud have been increasingly hit by mounting losses, accumulated debts, low productivity and chronic labour relations.

● Chrysler executives will visit Taipei before the end of this month to further negotiate an agreement with Taiwan Machinery Manufacturing (TMMC), Reuter reports from Taipei.

TMMC and Chrysler signed a letter of intent last month to pave the way for future co-operation on heavy-duty truck production in Taiwan. Chrysler has already mapped out an investment plan worth $70m.

S. African car sales recover

By Quentin Peel in Johannesburg

THE TWO-YEAR decline in motor vehicle sales in South Africa was halted last year, with an increase of more than 18 per cent over 1977. But towards the end of the year there were signs that new vehicle demand was losing momentum.

While pleased at the improved performance over the year as a whole motor manufacturers in the saturated South African market, are seriously concerned at the possible effects of a stoppage of Iranian oil supplies to South Africa, and the conservation measures which may be introduced by the Government to deal with it.

According to figures released by the National Association of Automobile Manufacturers (NAAMSA), 204,736 passenger cars were sold in 1978, an increase of 22.7 per cent over 1977, while commercial vehicle sales were up 9.9 per cent at 98,959.

December sales were up only 12.8 per cent over December 1977 for passenger cars, at 17,559, while commercial vehicles were up 10.8 per cent at 7,298. Volkswagen recorded the highest monthly sales of passenger cars, with 3,093, followed by Sigma, selling Chrysler and Mazda cars, with 2,953, and Ford, the traditional market leader, with 2,438. Ford's sales have been affected by the lengthy strike at the company's UK plant, which hit parts supplies.

Mr. Lou Wilking, the acting president of NAAMSA and chief executive of General Motors in South Africa, warned yesterday that sales forecasts for 1979 of 215,000 new cars and 105,000 commercial vehicles could be affected by an Iranian embargo on oil supplies.

Daihatsu's Dutch success

BY CHARLES BATCHELOR IN AMSTERDAM

DAIHATSU NEDERLAND, the Dutch importer of Japanese cars, yesterday announced that it has doubled its sales forecast for this year to 5,000. This follows the sale of 2,000 cars last year—twice as many as expected.

The company which is fully owned by the Dutch shipping and transport group, Royal Nedlloyd, now expects to break even in 1979, a year earlier than previously forecast, Mr. Jan Waringa, managing director said.

The rise of the yen on the foreign exchanges caused serious problems for the importer which was not in a position to take a loss on every sale but could not raise its newly announced prices. But the Daihatsu company in Japan was willing to absorb a large part of the increase in the yen's value, Mr. Waringa said.

Daihatusu, which is the most recent of the seven Japanese car companies which import into Holland, will introduce the four-wheel drive Taft land vehicle shortly. It began importing into Holland in spring 1978 and now offers a range of three cars.

Record Swiss imports last year

BY JOHN WICKS IN ZURICH

SWISS CAR imports reached a record level of more than 270,000 in 1978, according to provisional figures issued by the Government in Berne. This estimate is higher by 6 per cent than the 260,000 booked in the previous peak year 1972.

Last year's increase, which continued an upswing beginning in 1977, is attributed in part to backlog demand after a fall in the market between 1973 and 1975.

The total number of cars registered at the end of last September was up by 6.3 per cent to 2.05m units, of which 43.6 per cent were made in Germany and 20.1 per cent in France.

IRISH INDUSTRY

Incentives attract foreign investment

BY STEWART DALBY IN DUBLIN

IRELAND'S drive to industrialise rests with two key agencies—the Irish Export Board and the Industrial Development Authority, they are semi-autonomous agencies under the umbrella of the Ministry of Industry and Commerce. Their job is to create and attract industry through incentives.

Agriculture cannot provide enough jobs for Ireland's 3m people. Indeed as agriculture becomes more efficient under the impact of better prices because of the Common Agricultural Policy, it is shedding workers, although 21 per cent of the workforce is still employed on the land.

Ireland has to have export-led growth, increasingly by manufacturing industries, if it is to solve its chronic unemployment.

As year-end figure begin to emerge, it is aparent that the IDA was the star of 1978 though the Export Board also did well. Exports were nearly 20 per cent higher than in 1977, Irish exports increasing by more than those of any other EEC member. The board was looking for a rise of 27 per cent, however, so must be a little disappointed.

The IDA, on the other hand, has probably had its best year since it started life in its present form in the mid-1960s. Figures released this month show that the IDA approved over 30,000 new jobs in industry during 1978, beating its own target of 27,000 jobs set for the year.

This does not mean that there are 30,000 jobs immediately available in industry. By the IDA's own calculations, the first year a project starts, some 19 per cent of the jobs approved materialise. Year two sees a 34 per cent realisation and by year five, 69 per cent of the total approved should have come on-stream.

> Ireland needs export-led growth, increasingly in manufacturing industries, if it is to solve its chronic unemployment.

In terms of the national plan, the IDA at the moment is more than dong its share. There are some 100,000 officially unemployed in Ireland out of a workforce of 1m.

Last year the IDA had a budget of £70m. The main weapons in its armoury are capital grants, which can amount to 60 per cent of start-up costs in the West of Ireland, and 45 per cent in the East. It can give training grants, help with land purchases, give management advice and even take equity stakes.

It does not only concern itself with foreign companies. The IDA also helps Irish companies like Waterford Glass to expand as well as promoting small industries and developing communes and research development projects. Half the 30,000 job approvals involve companies, large and small, already in Ireland.

It is probably fair to say, however, that the IDA regards the attraction of new foreign concerns as the most challenging if not crucial area of its activities. In this sphere the IDA has a priceless asset—it can offer a tax holiday on exports. U.S. and Japanese concerns have been able to set up in Ireland and gain cheaper access to the EEC market. More than that, they have paid virtually no tax since nearly all that they manufacture is exported.

Of the nearly £800m invested in industry in Ireland, about half has come from U.S. concerns.

However, the EEC Commission has never liked the tax relief scheme, so Ireland is changing it, though not very much. The tax holiday on exports is being abolished and from January, 1981, corporation tax can be cut from an average 25 per cent to 10 per cent.

The IDA hoped that this system will be sufficient to keep the job expansion going, for as its officials constantly point out, job création, even with incentives, is a very competitive business. Other places like Puerto Rico and Scotland, not to mention Northern Ireland, have similar incentives to attract foreign industry.

One IDA official says that Ireland has been creating jobs at an average cost of £5,000 a job, which he reckons is competitive with anywhere and a lot cheaper than Northern Ireland. He stresses that Ireland now looks to be on the right course; at one time the IDA came in for much criticism for creating expensive capital intensive projects. Alcan's alumina project, though seen as desirable, will create 800 jobs, but cost £300m.

One of last year's biggest coups was to attract Polaroid in a project which could create 1,500 new jobs but cost £50m. It is this kind of high technology, labour-intensive project that Ireland is mainly interested in.

Thermos told to halve price rise

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE PRICE COMMISSION yesterday claimed a limited victory when it cut by almost a half the price rise sought by the Thermos company, which manufacturers vacuum flasks and jugs.

The commission, in a report published yesterday, said that the company had originally planned to raise prices by 9 or 10 per cent from the beginning of last month. However, Thermos agreed to a 5.33 per cent increase instead and has given the commission an assurance that it will not seek to increase prices again before November 1.

Thermos is a U.S.-owned company based in Essex and is the largest UK manufacturer of vacuum flasks and jugs.

The report found that its net profit margins had averaged about 20 per cent over the three years to 1978, although there was a marked increase in its UK gross profit margins in 1978 when the cost of plastics was reduced by about a fifth.

The commission points out that Thermos' trading policies are "yielding levels of profitability which are high when compared with the experience of UK manufacturing industry."

It takes the view that "the company's scale of operations has now reached a size that enables it to reap significant benefits from further growth in output volume."

Nearly 80 per cent of Thermos' sales revenue is derived from exports, the report reveals. This level of exports, the commission points out, benefits the UK consumer, because the higher volume results in reduced unit costs.

Although the report does not make any formal restric- margins, m etaoin shrdlu nun tions on Thermos price and profit margins, the commission believed that "some restraint on Thermos' prices was appropriate in view of the company's level of profitability and the restricted nature of the competition." This restraint took prices again until nextxz xzx the form of agreeing not to raise prices again until next November.

In a separate report published yesterday, the commission draws attention to the restrictions on competition in the opthalmic industry because of the rules laid down by the General Optical Council.

The report on prices, charges, and profit margins of the Dolland and Aitchison group of companies in the opthalmic industry, found that "the most striking feature which has come to light, and the one which causes us the most concern, is the lack of overt competition in the opthalmic industry as a whole."

Far from protecting the customer, the report says, the restrictions on advertising imposed by the General Optical Council "may bolster high-cost production methods and high retail margins."

Eye testing

It adds: "The man in the street who wishes to buy a pair of spectacles has no practical way of knowing in adance what he is going to pay—and whether the final price at a particular opticians is high or low."

The commission suggests that the industry should consider distinguishing between the professional serice inoled in eye testing, prescribing and dispensing and the commercial element in selling priate frames and lenses.

Although the Price Commission was not inestigating specific price rises sought by Dolland and Aitchison—since the company's turnoer is not large enough for it to hae to notify automatically its price increases to the Commission—the group has agreed to freeze prices until May 7, 1979 as well as reducing some price increases made since last May.

But there were no formal restrictions made by the commission in its report.

Last night Dollond and Aitchison described the report as "remarkable because of the relatively small amount of direct reference to those companies it contains."

Price Commission Report No. 30. Thermos Ltd. HC135, SO £1.00. Price Commission Report No. 29, Dollond and Aitchison Group. HC134, SO £1.00.

Bribery claims false says Marsh

ALLIED INVESTMENTS, the medical services group owned by the National Enterprise Board, continues to deny allegations that it paid bribes of £3m to secure £250m woth of contracts in the Middle East.

Sir Richard Marsh, the chairman, said yesterday "The allegation is completely false." He denied that the company had admitted the bribery, through counsel, during legal proceedings last November.

The allegation was raised again in the House of Commons on Monday by Labour back benchers.

They were told by Mr. Kaufmann, Minister of State for Industry, that he would be taking up the matter with the NEB.

Yesterday the NEB had received no request for an investigation from Mr. Kaufmann, but a spokesman for the Minister said that one could be expected shortly.

Sir Richard pointed out that the NEB issued a denial when the allegation was originally aired late last year.

Accountants Whinney and Turquand to merge

By Michael Lafferty

WHINNEY MURRAY and Turquands Barton Mayhew, are to merge to become the third largest accounting firm in Britain.

It is the larget merger in the UK accountancy profession in recent years. It was disclosed late last year that discussions had been going on for some time.

The first senior partner of the merged firm is to be Mr. Hugh Patterson, the present Whinney Murray senior partner. He will be succeeded later this year by Mr. Dennis Garrett, former senior partner of Turquands. It seems likely that Mr. Garrett in turn will be succeeded by Mr. Peter Godfrey, who now becomes a deputy senior partner in the new firm.

Whinney Murray and its U.S. associated firm Ernst and Ernst also announced yesterday that it will operate internationally under the common new name of Ernst and Whinney.

The UK merger looks likely to bring about similar mergers between firms which had previously represented either Whinney Murray or Turquands in Australia and South Africa.

Men and Matters Page 18

Scottish growth disappointing

BY RAY PERMAN, SCOTTISH CORRESPONDENT

SCOTLAND'S ECONOMIC growth rate may now be only half that for the UK as a whole, Scottish Economic Planning Department figures published yesterday indicate.

Revisions in the industrial production indices for Scotland show that output, excluding oil production, has risen since the depression of 1975 by less than initial estimates suggested.

The main revisions, made in the light of information provided by the 1973 annual census of production, which has recently been completed, involve manufacturing industry in particular.

Output since 1975 is now thought to have been 1 per cent olwer per year than first estimated, and in the first quarter of last year to have reached only 3 per cent higher than its level in 1970, rather than an increase of 5.5 per cent.

In particular, electrical engineering, which includes the electronics industry, emerges in the light of the revisions as growing much more slowly

Output since the beginning of the decade is now believed to have grown by less than 50 per cent, rather than by 70 per cent.

The index of production for the first quarter of 1978 has now been revised down, from 108.2 (1970=100) to 106.1. The second quarter figure is provisionally estimated at 107.8.

This indicates a growth in the economy of 1.6 per cent over the quarter, compared to a figure of 3.8 for the country as a whole.

York Trailer's U.S. buy

YORK TRAILER, the UK's second largest truck trailer manufacturer, has established a foothold in the U.S. market for truck equipment by acquiring the assets of the Anthony Company of Streator, near Chicago. It is investing about £319,000 to control three-quarters of a company it is setting up to buy Anthony.

The purchase gives York access to Anthony's 100 dealer and distributor outlets in the States and provides a manufacturing base for York's axles and suspensions.

The rest of the equity will be held by Mr. Gayle Tate who has been recruited from the U.S. trailer industry to be Anthony York's chief executive.

Acrow chairman resumes executive control

By Christine Moir

MR. BILL DE VIGIER, 67, is again to become chief executive of Acrow, the engineering group of which he is chairman, only three years after announcing that he intended progressively to disengage himself from executive control.

Mr. Bill Jack, the group managing director resigned suddenly yesterday barely three years after he was appointed. At the time Mr. de Vigier said that he intended to concentrate on long-term planning and product development.

None of the directors of Acrow was available to comment yesterday on Mr. Jack's resignation. It comes at a time when analysts are forecasting an increase in pre-tax profits for the year to March from £13.1m to possibly £14.5m.

The profits will, however, be affected by the as yet unquantified cost of closing the Coles Cranes operation in Germany. Prior to his appointment as group managing director Mr. Jack had been managing director of Coles Cranes.

Plessey predicts systems growth

BY MAX WILKINSON

PLESSEY, THE telecommunications and electronics company, is to be re-organised to enter the office systems market, plans for which it disclosed last week.

The group's telecommunications company is to be renamed Plessey Telecommunications and Office Systems on April 1 and will include a specialist office systems subsidiary.

The group considers that the office systems division might grow at as much as 50 per cent annually for the next few years.

When Plessey sold its 24.4 per cent stake in International Computers Limited (ICL) for £33.5m last week, Sir John Clark, chairman, said that the money would help Plessey to move into the new field.

He did not have immediate plans for acquisitions or internal developments on a scale that would exhaust the sum.

He said that the initial plan was to develop a system based on software (computer programmes) to extend the capabilities of Plessey's new digital telephone exchange, the PDX. The company intends the PDX to serve as an exchange and as a small business computer system capable of accounting and other functions.

Mr. Desmond Pitcher, managing director of Plessey Telecommunications, described the move yesterday as the first phase in a longer-range approach to development of telecommunications business internationally.

"It will be carried out progressively over the next two or three years, building substantially on our modern systems technology.

Sales of the PDX exchange and associated systems were expected to grow to about £50m next year, Mr. Pitcher said. Current orders exceed £15m.

He believed that the electronic systems section of the office equipment market would be a gold mine in the next few years. Other large companies, including General Electric (GEC) were preparing to compete, but Plessey had a good start with its new exchange.

A combined telephone exchange and office computer system would cost little more than just an exchange.

The computer that controls the exchange will be programmed for other tasks.

Mr. Pitcher said that Plessey was the only company to o[illegible] such a complete integra[illegible] system on the UK market. [illegible] PDX, on which the system [illegible] based, has been developed [illegible] "anglicised" by Plessey [illegible] licence from Rolm [illegible]

Imperial 'lost sales because of prosecution'

BY PAUL TAYLOR

TH EDECISION of the Director of Public Prosecutions to prosecute Imperial Tobacco over the John Player Spot Cash promotion scheme has cost the company "tens of thousands of pounds" in lost market share a High Court judge was told yesterday.

The company was forced to run down the "spot cash" promotion campaign which offered prizes up to £5,000 against cards distributed in three brands of John Player cigarettes when the Director of Public Prosecutions began criminal proceedings against the company and four directors and employees in November.

Although the trial has yet to be heard in Nottingham, the company and the Imperial Group have sought a declaration from Mr. Justice Donaldson in the Commercial Court that the scheme is neither a competition nor a lottery and therefore does not contravene the Lotteries and Amusements Act 1976.

Yesterday, the second day of the hearing, Mr. Stanley Brodie, counsel for the applicants, told Mr. Justice Donaldson that the company and the group had a commercial interest in the issue and were therefore seeking the Court's decision on the scheme. The decision was "urgent" he because of this and because the company might wish to re-start the scheme.

The "spot cash" scheme, used to promote Players No. 6, John Player King Size and Players King Size Extra Mild, was introduced last September.

In total, 260m packets of cigarettes were distributed containing cards resembling fruit machine windows, some with lucky numbers. The £800,000 cash prizes were allocated in advance from the company's promotion budget. The promotion wasconsidered a success increasing sales by 30 per cent.

Mr. Brodie told the Court that the company did not consider the scheme to be a competition because the participants did not strive or compete against one another for the prizes which had already been set.

Mr. Brodie told Judge Donaldson: "What you have to look at is whether in reality you are staking anything. If you are not staking anything, then it is not a lottery."

However, Mr. Peter Archer, QC, the Solicitor-General, said the scheme was a competition because the prizes were limited in advance and because each prize would be won the only question was who would win it.

Mr. Brodie replied that the scheme represented "extra value" rather than an alternative to a discount and argued that even if the "cost" of each ticket were worked out on the basis of the total prize money (0.307p per ticket) this amount was miniscule. Judge Donaldson is expected to give his decision next week.

'Difficult time ahead' for tobacco, confectionery

BY OUR CONSUMER AFFAIRS CORRESPONDENT

TOBACCO AND confectionery wholesalers face a difficult trading period, says a survey published yesterday covering 146 companies.

The survey, by Inter Company Comparisons, found that while eight out of 10 companies reported increased turnover in their last financial year, only just over half managed tc increase profits.

Profit levels, particularly on the tobacco side, were stated to have been "a source of concern"

The survey stated that while almost 80 per cent of wholesalers added to their assets in their last financial year, a slightly smaller number increased their liabilities. It suggested that the increase in asset values was due to infiation, while higher liabilities were incurred by extra sales volume.

Tobacco and Confectionery Wholesalers — Inter Company Comparisons,' 81 City Road, EC1. £30.80.

Ford chief says unions do not deliver

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

AN ATTACK on the trade union movement was made by Sir Terence Beckett, chairman and managing director of Ford, yesterday.

He said: "It will argue endlessly for money wages but it is just not interested in the creation of real wealth for its members or for the community.

"It has the debilitating and costly tradition of leaving the honouring of agreements to the discretion of individual members rather than establishing some form of control over them, to the general and long-term advantage of the members.

"In short, on this issue the unions don't deliver.

"The result is a less predictable situation than in other countries and it gives a greater opportunity for dissidents to ignore the interests of the majority and pursue sectional interests."

At an American Chamber of Commerce lunch in London, Sir Terence discussed the "unbelievable frustrations" managers face in the UK—"not the least of which is working with a trade union movement which is different in character from that in almost any other country. The trade union movement with which we deal is much more fragmented here than elsewhere."

He said he had spent much time at meetings with the unions and employees trying to explain the differences between Ford UK and its sister companies abroad.

Sir Terence added: "So far we have had little success in getting the message over. We are trying to overcome a century of suspicion, ignorance and mutual distrust and I guess it is going to take a lot more effort before we are going to be able to agree on the economic facts of life so that we can bargain and make progress in a more constructive and realistic fashion."

Referring to the nine-week Ford strike last year, Sir Terence maintained the group had emerged from it "with no lasting damage."

He insisted that if ten other companies of Ford's size had made the same kind of stand against pay demands, on the principle of economic good sense, "we might establish a very different level of expectation in this country."

Sir Terence said it was to the credit of all concerned that the pay policy had lasted as long as it has. "But if the policy is failing perhaps the actual alternative in the coming months will be more instructive. There are certainly ominous signs that it is going to be a long, bleak winter."

He called on politicians to produce some positive policies.

"When the elections are finally held, the flight against inflation will inevitably be the major issue. Then that inherent good sense which the British voter produces at times of crisis will, I believe, instinctively rally to the party which puts up a credible programme. But I think both parties have got a bit of work to do before presenting their election manifestoes.

"For my vote, control of money supply and Government expenditure is the only satisfactory long term solution, coupled with a real effort by the opinion formers in the country to abandon their prejudices, and sacred cows and drive towards understanding the ordinary man's motivations."

. . . but Sir Barrie sees signs of better industrial relations

FINANCIAL TIMES REPORTER

THERE ARE encouraging signs that industrial relations in the automotive industry in Britain are improving, Sir Barrie Heath, president of the UK Society of Motor Manufacturers and Traders, said yesterday.

"In 1979 we expect a solid improvement, particularly in regard to unconstitutional strikes. If I am right, this will enable our manufacturers to build up their sales in the home market, the EEC and in world markets," he said.

Sir Barrie was speaking at a reception in Brussels on the eve of the international commercial vehicle show there.

UK exports of trucks last year reached £350m, of which nearly one-third were exported to other Common Market countries.

But this was below the 1977 level when exports of trucks reached £401m. When buses and coaches are included the fall was from £653m in 1977 to about £550m last year.

Sir Barrie said: "British exports of commercial vehicles to the EEC have considerable potential which has not yet been fully expleited for domestic reasons that are well-known"—a reference to the way industrial disputes, both official and unofficial, held back vehicle production in the UK last year.

Builders' budget plea to Healey

By Michael Cassell, Building Correspondent

SPENDING ON construction, as a proportion of total public expenditure, remains "at an exceptionally low and ever-declining level," according to joint budget proposals from a group of the industry's representative bodies.

In a memorandum to the Chancellor, the National Federation of Building Trades Employers, the Federation of Civil Engineering Contractors, the Committee of Specialist Engineering Contractors and the Export Group for the Constructional Industries call for an immediate correction of the imbalance between construction and other expenditure programmes.

They point out that the additional construction programmes announced in 1977 replaced barely half the cuts imposed in 1976, which damaged the industry's confidence and undermined its capacity to meet future demand.

The pre-budget memorandum coincides with publication today of hte first public expenditure White Paper to provide an analysis of spending programmes on construction, a concession made following concerted lobbying from the industry, which believes too little attention has in the past been pad to the effects on its own prospects of expenditure changes.

Submissions

Yesterday's submissions to the Chancellor said that planned investment in roads, water and sewerage installations was "massively below" the levels needed to maintain or improve the vital services. Health and education building programmes were also below required levels.

The organisations also emphasised that the impact of under-spending would reduce vital construction activity even further. They claimed that 80 per cent of under-spending in the last financial year fell on capital projects, particularly affecting construction programmes.

Crown Agents 'given rebate on shares'

BY TERRY OGG

THE CROWN AGENTS were given an ex gratia payment to reduce the cost of First National Finance Corporation shares they were acquiring, and may later have been asked to buy FNFC shares in the market place to push the price back up to 300p, Mr. Pat Matthews, former managing director of FNFC, told the Crown Agents tribunal yesterday.

According to Mr. Matthews, an internal Crown Agents minute in September 1969 said that he had agreed to make the ex gratia payment to reduce the cost of the shares allotted to them.

FNFC issued shares in connection with the acquisition of Financings. The shares were offered by Hambros Bank and the Agents were made sub-underwriters.

"The minute goes on to say that the arrangement was confidential and must not be disclosed to Hambros or any other underwriter," Mr. Matthews said.

"It is a long time ago, but I cannot imagine that I would have had the underwriting document while at the same time saying to the Crown Agents that they could have the shares at a lower price."

Questioned later by Mr. Robert Gatehouse, QC for the tribunal, Mr. Matthews agreed that an ex gratia payment had been made. It was possibly a "one-off" transaction, he said, and he did not remember it.

Moving on to the share support plan, Mr. Matthews referred to another internal Crown Agents' Minute of May, 1971, which said that he telephoned the Crown Agents to suggest that they should buy shares in FNFC to keep up the price, and to assure them they would not stand to lose by it.

"I do not recall that at all, but I could well have made the telephone conversation," Mr. Matthews said.

Sales drive on Eastern Europe

By Sue Cameron, Chemicals Correspondent

ALBRIGHT AND WILSON, the UK-based chemical group, has set up a new marketing company to boost its trade with Eastern Europe.

The new company—Albright and Wilson Intertrade—is based in Birmingham with branch offices in Vienna and Frankfurt.

Mr. Stephen Kennedy, general manager of the new concern, said yesterday that the move aimed to increase the group's sales to Comecon countries to £20m over the next five years. Last year its sales to Eastern Europe were between £11m and £12m.

Mr. Kennedy said the new company also intended to buy more chemicals from Eastern Europe.

Albright and Wilson, which was taken over by the U.S.-based Tenneco group in 1978, had total export sales of about £120m last year.

Price curb 'may threaten' £4bn chemicals plans

BY SUE CAMERON, CHEMICALS CORRESPONDENT

ATTEMPTS TO tighten price controls might jeoparise the chemicals industry's £4bn investment plans, the industry has warned the Government.

Mr. Martin Trowbridge, director general of the Chemical Industries Association, has told Mr. Roy Hattersley, the Prices Secretary, in a letter, that more stringent price controls, particularly the withdrawal of profit safeguard provisions, would make the achievement of the industry's present investment intentions very difficult.

He seeks a Government assurance that "full weight will be given to the need for industry to be profitable, and, indeed, the need in many sectors for it to be more profitable than it is at present."

The chemical industry supports the Government's wish to reduce inflation, the letter says, but feels that "further restrictions on this industry's ability to operate on an adequately profitable basis could jeopardise our highly successful contribution to the UK economy and the UK balance of trade."

The industry plans to invest more than £4bn in the UK between 1978 and 1980. "Howevery, market forces have made many business areas unprofitable and these investment plans will inevitably now be under very close scrutiny.

"We consider that the justification for further investment would be made more difficult if there were no statutory provision to allow price increases to be made to recover from a loss position as soon as market conditions allow."

The chemical industry appreciates that the Government is under political pressure to tighten price controls.

However, the letter adds that those pressures often come from "people who do not take into account the effect which would result on cash flow, investment and employment."

A copy of the letter has been sent to Mr. Eric Varley, the Industry Secretary.

Tug shortage 'adds to pollution risks'

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

BRITAIN is being exposed to an unnecessarily great marine pollution risk because of a shortage of ocean-going tugs to deal with crippled tankers, according to a report sent to the Government this week.

The report, prepared by United Towing, the UK's only British-based ocean towing and salvage company, says that the Government should supply funds to station three tugs at key points on the coast.

The central argument in the report is that the salvage industry's resources are being depleted because of the tough economic climate, so reducing to a dangerous level the number of vessels available for use in an emergency.

It argues that the Government, which is studying a whole range of pollution-fighting questions, including salvage, is ill-informed about the resources which exist.

Mr. John Smith, Trade Secretary, told the Commons in December that there were eight large British tugs capable of providing a service similar to the tug stationed by the French Government at Brest after the Amoco Cadiz oil-spill last year.

According to United Towing, which owned six of the vessels listed by Mr. Smith, three of the tugs had been sold at the time the information was given.

Of the company's three remaining tugs, two were in service in South-East Asia and the Caribbean, leaving only one vessel in UK waters. The two other vessels are, according to United Towing, straightforward towboats rather than ocean-going salvage vessels.

The report acknowledges that additional cover is available on a random basis from other European salvage companies, but that says the net result remains well below the provision which officials believe to exist and below what can be considered an adequate minimum.

United Towing, which claims to be the second largest salvage company in Europe, says that its vessels spent only 8.9 per cent of their time on salvage station in UK waters in the year to last August.

Ideally, the report argues, the Government should contract with a salvage company for the provision of four tugs, guaranteeing a minimum of three on station at any one time.

This would cost up to £4m a year, less any non-Government contracts which the vessels were able to take without jeopardising their emergency role.

The report also warns that salvage companies are becoming increasingly unwilling to accept certain kinds of salvage work, involving vessels whose value is much reduced by the shipping slump and whose cargo may present a serious pollution risk.

Government involvement in cases where pollution was a threat had changed the normal commercial framework in which salvors operated, and there was an urgent need to amend salvage law to ensure fair and prompt payment. Normally a salvage company's security is the value of the hull and cargo saved.

The repjort says that more than half of the 507 marine incidents which affected dangerous cargo" ships in waters around the UK in the year to last August involved breakdown, and that without the aid of a tug this could have led to pollution.

Mr. George King, managing director of British Petroleum Tankers, yesterday dismissed the case for Government tugs. "The disposition of tugs in North-west Europe seems to me pretty good," he said.

Thames Water to raise charges

BY LISA WOOD

THAMES WATER announced yesterday that it was to increase revenue from charges this year by 9.5per cent, subject to Price Commission approval.

The increase will not be spread equally: supply will show the greatest rise, about 14 per cent, while sewerage charges will be the least affected, between 5 and 7 per cent. The average household bill for 1979-80 will be £40.56 compared with £37.02 in 1978-79, claims the authority.

Total income for 1979-80 is estimated at £288.5m, while expenditure is estimated at £295m. The planned deficit of £6.5m will be financed from surpluses earned in previous years.

In 1978-79, when Thames was investigated by the Price Commission, it made a surplus of £2.2m. Total reserves are more than £25m. Of this £15.2m will be utilised in 1979-80 to help hold down charges, leaving about £11m available for 1980-81.

Mr. Timothy Whiteley, chairman of Thames Water's finance sub-committee, said that the budget had been prepared in line with the policy of no improvement except where standards were unacceptably low. The authority is expected to spend £80.5m on investment projects in 1979-80.

He said: "Over the three years including 1979-80, Thames Water charges will have risen by 27 per cent, whereas on present estimates the Retail Price Index will have risen 38 per cent."

Bicycle industry problems

IN SPITE of its apparent healthy state the bicycle industry in the UK faces various threats and problems, according to the Bicycle Association Council.

Worries include fewer teenage customers over the next few years, due to the low birth rate of the 1960s; and increasing price competition on machines coming from cheap labour in the Far East and Eastern Europe.

But, said Mr. Ian Phillips, retiring president, at the association's annual meteing yesterday, counteraction was in hand through Government and West European trade contacts, to overcome the difficulties.

Exports have increased in value from £35m in 1976 to £55m in 1978.

Derbyshire in £7m bid to attract industry

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

DERBYSHIRE is to spend more than £7m to attract industry to the county. Some £5m of that will be on providing sites and £2.1m on advance factories.

Mr. Vernon Colhoun, chairman of the county's economic development committee, said in Matlock yesterday that the county was taking a more positive investment role in initiating sites.

He said that the county had received inquiries for 4m square feet of development but money had been lost. The new programme is intended to make more of those initial inquiries.

Seven sites have been allocated for industrial development—at Glossop, Swadlincote, Barlborough, Williamthorpe, Ilkeston, Darley Dale and within Derby itself. It is estimated that the sites will, when completed in the next five years, produce up to 6,000 jobs.

It is also considered there will be gains from private industry which could lead to a further investment of around £50m at today's prices.

The investment in advance factories will total £2.1m and will lead to a further 180,000 sq ft of space being made available over the next two years, taking the total since the programme started in 1972 to 450 000 sq ft. It is expected that 1,000 jobs will be created as a result of this programme.

New course in computer work

THE FIRST 22-week course in an apprenticeship scheme aimed at helping to solve the serious computer staff shortage in London local government is to start early next month.

Announcing the scheme International Computers said the staff shortages were threatening new computer projects and expensive recruitment advertising had not attracted enough recruits.

NEWS ANALYSIS • EXPENDITURE WHITE PAPER

An exercise in hard bargaining by the Treasury

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE TREASURY has often been described as the most political of all Government departments and nowhere are its skills of persuasion and hard bargaining better shown than in the year-long process of producing the annual Expenditure White Paper, to be published this morning.

The whole operation is commonly known as PESC, after the Public Expenditure Survey Committee, an inter-departmental official committee chaired by the Treasury. The aim of PESC is to ensure the medium-term planning of public spending in relation to the development of the economy as a whole.

The committee plays a coordinating role in providing the basic material for Ministers and is composed of 40 to 50 officials, the principal finance officers of the spending departments (either a deputy or under secretary), plus the Treasury. It is too large to decide issues and is mainly a clearing body, in general meeting on only a few key occasions.

The main work is done on a more informal basis, with the Treasury often taking the lead. There is a total staff of about 200 in the Treasury's public spending group, the majority of whom deal with individual spending departments.

Yardstick

The PESC operation is supervised by Mr. John Anson, a deputy secretary, who chairs the committee. He is supported by two under secretaries, Miss Patrician Brown, in charge of the collection and interpretation of the myriad of expenditure statistics, and Mr. Robin Butler, responsible for the general planning and control of spending.

This team, plus Mr. Frank Cassel, who supplies the medium-term economic analysis, has become, if not well known, at least one of the few publicly recognised faces of the Treasury in its frequent appearances before the Commons Expenditure Committee.

The hope is the the Cabine can review the spending plans each year in the summer and late autumn in time for a White Paper at the turn of the year.

Work has already started on next year's White Paper

The first phase is in January when the plans in the existing White Paper are revalued on to a new price basis. In today's document this means 1978 survey prices—in practice those ruling in autumn 1977—to provide a constant price yardstick. In addition, any policy decisions since the work on the current White Paper was completed are taken into account. These figures, collected from departments, provide a starting point for the new survey.

The next stage is to work out the rules of the game. This involve inter-departmental discussions about how options should be identified—should there be a ceiling for additions or cuts? How should changes in the estimated cost of existing programmes be treated? Should proposals involving legislative changes be included?

The rules are decided by the Cabinet in February and set the terms for the following discussions. The spending departments then have about four to six weeks to send in their proposals. This involves a series of delicate discussions between the Treasury and the departments, not so much to approve or reject plans but to establish whether they are properly costed and practicable.

Realism is the watchword here, with the Treasury questioning whether proposals represent an overstatement of likely expenditure. This interchange shows the village character of Whitehall to the full with its network of close contacts.

By Easter each department should have sent in a chpater for the PESC report rather like those on major programmes in the final White Paper. These set out the base line of spending on existing programmes and changes since then at revalued prices, proposals for additions, options for cuts and a general description. They are collated in the Treasury and there is discussion to ensure, in the Whitehall patois, that the material is as even-handed as possible.

This report is sent to the printers at the end of May and during June a paper is prepared for the Chancellor of the Exchequer, setting out the medium-term outlook and discussing what the economy can afford. There is also a chief secretary's paper, outlining the implications of this for spending programmes.

MR. JOEL BARNETT
Chief Secretary to the Treasury.

All the papers go to the Cabinet, which has an initial discussion in July. The officials naturally hope that as much as possible will be worked out then. But normally, at least in years without emergency cuts, the Cabinet goes only part of the way in July, deciding on the totals for the immediate year ahead.

This at least rules out some proposals but still generally leaves a quart to be squeezed into a pint pot. The chief secretaryis then sent away to try and reconcile the competing claims.

Further haggling after the summer holidays—often between the chief secretary and spending Ministers—then narrows the gap further, leaving a few issues to be decided by the Cabinet at the end of October. This highlights the essentially political nature of PESC, since however much officials may set out the options, the final decisions are still dependent on bargaining between Ministers, and those with the largest clout in Cabinet can often win concessions.

These decisions are then put into operation—in the rate support grant settlement in November, in the central government estimates and cash limits in the early spring, in the final approval of nationalised industry plans and in the final White Paper.

This system is essentially that recommended by the Plowden Committee in 1961, but there have been important changes in emphasis. In particular the later years of the five year planning period are regarded as increasingly provisional, with the main decisions focussing on the first year.

There has aso been a shift from accepting the impact on spending of continuing existing poicies towards examining the exact figures in reation to the previous White Paper. Consequently a change in the estimated real cost of a programme is now regarded as a proposed addition to spending and is not automatically accommodated.

In addition, there is an increased tendency for expenditure and tax decisions to be taken alongside each other. But some critics would argue that this process is not nearly as explicit and clear cut as it should be, since the annual White Paper and the spring budget are still months apart.

Another criticism of the PESC framework is that it does not allow sufficient re-examination of the effectiveness of existing programmes.

Weakness

PESC has throughout been a system of medium-term expenditure planning rather than of short-term control. The weaknesses in this area were shown up in the mid-1970s when inflation—coupled with a lack of political will—allowed spending to rise sharply.

Consequently the PESC planning procedure has been supplemented by the use of the contingency reserves as an instrument of control to ensure compliance with White Paper projections and, in particular, by the addition of cash limits and improved monitoring.

But these controls rest on the foundation of PESC and the White Paper. In both areas, while the officials may prepare the ground and operate the controls, the system depends for its success on direction from politicians.

UK NEWS—STRIKE EFFECTS

Fresh food again trapped at ports

PICKETING intensified at Britain's ports and container depots yesterday and fresh foods were trapped by striking lorry drivers.

There were more pickets outside the dock gates at Liverpool, South Shields, Southampton and Hull.

Drivers at Liverpool refused to allow the bulk of an 800-ton cargo of fruit from the Canary Islands to leave the port, although 70 tons of fruit left on Monday.

Pickets returned to Grimsby after staying away earlier in the week. Four vessels were idle as export cargoes were again unable to reach the quayside.

Congestion built up at all ports. South Shields' storage sheds were expected to be full byt the end of the week. No cargo moved at North Shields, where registered dock workers are on strike, but at Newcastle Quay, Danish bacon imports continued to be distributed on the Danish DFDS shipping line's vehicles.

At Southampton, production of animal feed from the Rank Hovis McDougall works on the dock estate was expected to stop by the end of the week. Pickets have refused to admit lorries carrying diesel fuel for the plant.

Unofficial

Three container vessels from the Far East were diverted fro mthe port for European docks. At Hull, a Finnish timber products ship is expected to dock today but its cargo will block the King George dock.

Many vessels idle as a result of the strike are registered in Britain. The General Council of British Shipping said that UK owners were losing £2m a day.

Freightliner terminals at Hull and Stratford, East London, were at a standstill because of picketing.

Unofficial strikes by employees of the National Freight Corporation, which is not in dispute with the transport workers' union, continued to disrupt trade at many of the corporation's 800 regional depots.

Sutton and Son, of St. Helens, one of Britain's biggest private road haulage companies, was almost at a standstill. Its 238 drivers belong to the Transport and General Workers' Union, but the company resigned from the Road Haulage Association more than 30 years ago

The Sutton drivers earn an average of between £83 and £111 for a five-day week

Petrol getting through

REFUSAL BY oil tanker drivers to cross official picket lines is having only a minimal effect on the distribution of petrol and oil products, though stopping the supply of diesel fuel to some road haulage companies.

A few areas are still suffering the effects of earlier disruptive action taken by the tanker drivers.

Some garages in south-west and north-west of England, the Midlands, and Ulster are still without petrol, and the oil companies have not yet replenished all customers' supplies of heating oil.

Changing the guard at London's largest container terminal. Pickets from the Transport and General Workers' Union and the railway drivers' union, ASLEF, engaged in separate strikes, joined forces outside the gates of the terminal, at Stratford. The terminal has been closed since Monday by lorry drivers' picketing.

FT reporters assess the latest effects on industry of the transport dispute

Threat to pigs and poultry in East Yorkshire

PICKETS applying a selective and potentially destructive squeeze on supplies of raw materials for animal feeds in East Yorkshire.

The lives of at least 600,000 pigs and 2.5m poultry are in danger as a result of a Transport and General Workers' Union instruction ordering pickets to prevent movement of feed raw materials into all factories in the area, the UK Agricultural Supply Trades Association said yqesterday.

Officials claimed the union appeared to be forcing a showdown in the region, making a test case there to see how far the Government could be pushed.

UKASTA is now taking daily reports from 12 major animal feed makers around the country, accounting for 70 to 75 per cent of national production. In most cases, the association claimed, the daily picture was one of unmitigated gloom.

The TGWU told the association on Monday evening that from yesterday no raw materials would be allowed into feed mills in East Yorkshire.

"The feed industry is effectively winding down as of now," a spokesman said. *Supplies in the region would* last two to three days at best.

A group of eight feed makers from the East Riding joined with the National Farmers' Union in an attempt to press the Ministry of Agriculture to act. A UKASTA delegation saw officials at the Ministry yesterday morning to put forward its allegations of a co-ordinated and deliberate campaign to pressure one region.

Mills in the area account for about 6 per cent of national feed output. Farms in their distribution zone hold the heaviest concentration of pig production units in the country.

The NFU told the Ministry it wanted more action from the Government's regional emergency committees. In too many cases, a spokesman said, the committees were acting merely as "post boxes" handing complaints on to higher authorities in Whitehall.

There were no clear signs that they had been able to help farmers obtain feed supplies.

Elsewhere, however, there were signs of improvement. BOCM-Silcock, which produces more than 20 p[illegible] cent of national feed needs at its 18 mills, said the arrival of TGWU officials on picket lines had helped release essential raw materials for its factories.

Output was still [illegible] per cent short of normal and the use of costly alternatives for unobtainable raw materials was pushing up costs.

Most feed manufacturers have begun to increase their prices.

Fruit and vegetable wholesalers warned that supplies of imported produce were now threatened by the strike. Because of the unpredictable behaviour of dock-gate pickets, overseas shippers were diverting boats from the UK.

Two ships carrying mainly tomatoes and cucumbers were reported to have been diverted to the Continent yesterday.

The Freight Transport Association appealed to the Government to make the "priority movement" agreement with the unions work properly or risk the disappearance of foodstuffs from the shops.

In many areas, the association said, TGWU officials were plainly not in control of pickets who were applying their own arbitrary rules.

Supplies of Danish bacon, which normally fill more than half UK weekly needs are down to a trickle. Danish Agricultural Producers has shut its two packing plants at Thetford and Selby and laid off 800 workers.

In Denmark, bacon curers have been told to cut production because of the blockade at the UK docks.

Mr. John Silkin, Agriculture Minister, was scheduled to broadcast a direct appeal to the pickets blocking feed supplies *in East Yorkshire* over Radio Humberside this morning.

He reminded them of the danger to the lives of pigs and poultry in a recording taped yesterday evening.

Increased shortages warning by stores

GROWING CONCERN was expressed yesterday by the large food retailers that shortages of food will increase as secondary picketing of their grocery warehouses continues.

Pickets at an industrial estate at Winsford, Cheshire, have blocked goods going into Tesco's second biggest grocery warehouse and a spokesman for the company, which has five grocery warehouses in the UK, said the situation was becoming grave.

"The situation of supplies varies from store to store but gaps are appearing on the shelves."

Sainsbury, which has about 80 per cent of normal stocks on the shelves, said quite a few of its warehouses were being picketed but it was also supplied by a complex network of contract warehouses.

The company said: "We are getting anxious as we see no improvement in the strike. The number of shortages will increase as the days go by."

Spar, which has about 4,000 retailers, said it was in a fairly fortunate situation because its retailers were voluntary. If prevented from receiving normal supplies they could go to their local cash-and-carry warehouse for stocks. So far few problems had been encountered.

Last week's "mad rush" to strip supermarket shelves seems to have abated and housewives *are restricting themselves* to a few extra articles on their normal purchases. Hardest hit shelves are those carrying salt, sugar, canned vegetables, tea, breakfast cereals and fats.

Many packaging jobs in danger

THE PACKAGING industry faces almost certain layoffs by next week as supplies of tinplate, chemicals and other vital raw material supplies dwindle.

Metal Box, which produces 70 per cent of cans for food and drink, has suspended the guaranteed week for many of its 15,600 employees and will feel the effect of British Steel's proposed suspension of tinplate production

So far, the company says, 60 per cent of its cans to food manufacturers are being distributed. Picketing outside customers' premises has caused deliveries to be turned back.

Huntley Boorne Stevans, a subsidiary of Associated Biscuits, which makes tins for confectioners and biscuit makers, has started a rundown of production.

By next week Huntley Boorne expects severe problems of raw material supplies and stock build-up, and at least half its 500 employees could be redeployed to alternative production.

The £600m-a-year glass container industry faces 25,000 layoffs soon if the rail and lorry-drivers' strikes continue. United Glass has issued 1,500 layoff notices. Production has fallen to 50 per cent.

Bowater Packaging, which supplies food, milk and animal feed companies, among others, with containers, is surviving on existing stock. No raw materials have arrived at most of its 24 plants.

No layoffs have been planned, but with raw material supplies due to run out in "days rather than weeks," some of its 8,000 staff could be redeployed

Reads, a Liverpool maker of cans and drums, expects to lay off up to 700 of its 1,800 employees on Thursday as stocks mount. The company, supplying 20 per cent of the food industry with cans, has cut production to 20 per cent.

Fears grows over pottery stocks

CONCERN about stocks for the pottery industry in Stoke-on-Trent, which employs 50,000 people, grew yesterday as the strike by rail men and transport workers began to bite.

Mr. Sam Jerrett, director of the potteries-based British Ceramic Manufacturers' Association, said clay and fuel stocks were dwindling.

"Markets overseas are waiting for us to supply them. If we cannot meet the orders, it *could be disastrous for the industry* and for the national economy," he said.

● NEWS ANALYSIS — ASSOCIATION'S PLAN FOR CHANGE

Hauliers face problems on all fronts

BY NICK GARNETT AND IAN HARGREAVES

THE PRO-RAIL pressure group Transport 2000 recently took delight in distributing a document leaked from the Transport Department on the subject of maximum lorry weights.

This paper, signed by the civil servant in charge of the department's freight directorate, referred to the need for road haulage interests to improve their "sadly tarnished public image."

Although an indiscretion, this comment reflects what many in Whitehall and in the transport industries feel about the way lorry men have failed to defend their case in the face of a remarkable tide of environmentalist sentiment in the last five years.

Mr. John Silbermann, chairman of the Road Haulage Association, has recognised the problem by declaring improved public relations to be a prime objective of his two-year term of office. There will be a sustained campaign leading to an exhibition in Brighton, next October.

The events of the last week have, however, demonstrated *better than any campaign the* pre-eminence of the lorry in Britain's freight transport network.

The strike has also thrust the Road Haulage Association into the limelight where its status and method of operation are *frequently misunderstood.*

The haulage association is a trade association representing 15,500 operators out of an estimated total of 46,000 British hauliers. It plays a leading role in pay negotiations, but since the abolition of the Road Haulage Wages Council last year even this role lacks formal status.

It does not even, nowadays, play any part in the industry's rate-fixing process, having abandoned its policy of publishing advisory tariff levels following pressure from the Restrictive Practices Court in 1977. Small hauliers now tend to wait for the published rates of the big carriers in their area and set their own rates 10 per cent lower.

The haulage association's membership has declined from a peak of 18,000 in 1975, although this situation has now stabilised, with the aid of a membership drive based on waived entrance fees.

Membership for a haulier with two to five vehicles costs £35 a year.

Reluctance

With a total income of £782,000 last year, the association *is far from being in the* big league of trade associations. Its counterpart, representing freight transport users, the Freight Transport Association, has more than double this income.

The view that the haulage association *is under-financed* in terms of importance of the haulage industry to the economy — transport accounts for 15 per cent of industry's costs—is common among road hauliers, but so, too, is the reluctance to pay more.

Apart from the question of cost, the association's biggest problem is the fragmented nature of the industry in which it operates, with about one-third of Britain's 3.7m heavy goods vehicles in fleets of five or fewer trucks.

It is a hard, sometimes cut-throat business in which operators do not require any frills from a trade association, but where it is easy for individual hauliers to overlook the increasing impact of legislation from both Westminster and the European Commission.

The feeling that hauliers are in danger of losing significant public debates is the main reason for Mr. Silbermann's emphasis on a more aggressive and outspoken role for the organisation.

But perhaps the most significant debate lost by the haulage association was that over the industry's pay bargaining structure. This was determined *when, in 1976, the Advisory* Conciliation and Arbitration Service found broadly in favour of the unions' rather than the employers' plan for reorganisation.

Structure

ACAS recommended that the road haulage wages council should be scrapped and not replaced by another body resembling a statutory joint industrial council, largely because of the growth of local or regional agreements. It did suggest, however, the setting up of a national forum to discuss general matters which might form the heart of a new negotiating structure if this was felt to be appropriate.

Negotiations now technically take place on 18 separate negotiating committees, made up of union and association representatives.

Hauliers had wanted national negotiations, partly because they view this as a simpler and tidier way of achieving more uniformity within the pay structure. Settlement dates vary, for example, and classification of drivers differ in different regions.

Employers were also worried at the strength a regional system might give the Transport and General Workers' Union.

It would allow the union to pick off areas individually by mounting regional industrial action to force through leap-frogging settlements and then individual regions might be tempted to break under the strain of local or national industrial action, breaching any common position. This happened during the 1974 pay negotiating round and there have been signs of it happening during the current dispute.

The union maintains that a regional structure is necessary to settle special local issues.

To a large extent, however, the regional system is a charade. The union, obviously keen to see the same minimum pay rates maintained throughout the country, sets its claim nationally at a yearly meeting of senior shop stewards at Transport House.

The employers' offer, too, has been fixed at the association's headquarters with the same pay and conditions proposals offered by almost all regions. From the employers' point of view, any big change in the present dispute would be considered not *by separate regions but by the* national committee of regional negotiating chairmen.

A further factor confusing an already jumbled picture is the encouragement apparently now being given by the union to drivers who wish to strike within individual companies who have offered to meet the present claim in full. In a very tough remark, Mr. Alex Kitson, the union official co-ordinating the strike said earlier this week: "There's no loyalty among road hauliers. It's a cut-throat game. The haulage *association has no control what*soever over its members."

So far, the association maintains that its regions are solidly behind the present 15 per cent offer.

How long more than 40,000 separate employers can be expected to demonstrate anything remotely describable as solidarity only the next few days will determine.

REGIONAL ROUND-UP

Pickets more active in the North

PICKETING BY striking lorry drivers appears to be on the increase in many parts of the north of England with the blockade now being extended in some cases to the movement of food.

Reports from throughout the region yesterday suggest that efforts by the Transport and General Workers' Union to limit the effects of the strike are proving ineffective, with shop stewards and pickets deciding on the types of goods and vehicles to allow through.

The first official list of lay-offs has been compiled as workers have begun to sign on at labour exchanges. So far in the north west alone some 26,000 have registered but this is thought to be possibly only half the number so far in the region. Lay-offs are also now beginning to mount daily with the largest number affected so far—roughly 10,000—coming from the food industry.

Food processing is being affected by shortages of vegetable oil from Merseyside, where extensive picketing has all but stopped movements in and out of the dock. There are signs too that shortages of other commodities, including chemicals and salt, are beginning to take effect within food manufacturing.

In North Lancashire slaughterhouses are being picketed and shops are reported to be running short of butter, some tinned foods and sugar.

A bread shortage is expected soon because of the difficulties bakers are experiencing in obtaining yeast and other raw materials.

A further threat to food supplies results from the grave shortage of packaging materials facing many processors. Stocks, in some supermarket distribution depots are reported to be running low.

TGWU leaders in the North West have stated their determination to disrupt food supplies in spite of the code worked out between the union's national leaders and the Government.

Mr. Phil Astbury, chairman of the Greater Manchester drivers' strike committee said yesterday: "If we cannot afford the food why should anyone else have it? As far as picket lines are *concerned animal feed*, medical supplies and fuel for schools can pass, but food is out. Promises made by members of our executive like Alex iKtson are designed to get a compromise wiht the Labour Government. We are fighting a dispute and *this is the only* way we know how to do it."

Milk shortages in the area are also feared as a result of the picketing of bottle manufacturers, and appeals are being made to the public to return empty bottles.

Lay-offs now confirmed in the area during the last two days are: Heinz, Wigan, 3,000; United Biscuits, Carlisle, 700; Metal Box, Carlisle, 1,200; KNE, Liverpool, 700; Courtaulds, Rochdale, 500; Tootal New Mills, 300; Burton's Biscuits, Blackpool, 600; Viota, Bromborough, 700; Associated Biscuits, Huyton, 1,400; Golden Wonder, Widnes, 600; Dunlop, Speke, 1,200; Chloride, Oldham, 1,300.

In Yorkshire there have been similar reports of a hardening of strikers' attitudes, particularly on Humberside where the Port of Hull is at a standstill. At Hull, pickets are allowing limited use of major manufacturers' own vehicles to deliver goods but are blocking the receipt of further raw materials.

There remains concern too that the supply of animal feedstuffs in Yorkshire will soon dry up as raw materials are not being allowed into the mills, which are expected to close as soon as existing stocks have been used up.

Merseyside pickets are refusing to release animal feedstuffs from the docks where some 50,000 tons are reported to be trapped. The corn trade in the city sent an urgent message to Mr. John Silkin, Minister of Agriculture, on Monday asking for help but claims to have received no reply so far.

West Yorkshire wool textile industry says a total of 3,000 people will be laid off by today in combing, topmaking and wool scouring because of difficulties in obtaining raw materials worth £30m to £40m now tied up in Liverpool and *Hull. The industry estimates* that interest charges on the wool which has to be paid for on arrival at the dockside will amount to £400,000 a month.

The food situation in Yorkshire looks less serious than in the North West but the regional CBI is warning that industry is rapidly running down production. Steel workers in South Yorkshire are being extensively picketed and a major rundown of the big Scunthorpe steel complex is being considered.

Welsh tinplate plants to shut from Sunday

SOME 6,500 workers at British Steel Corporation's three Welsh tinplate plants are to be laid off from next Sunday morning as a result of the drivers strike.

The closures at Ebbw Vale, Trostre and Velindre are the first major Welsh casualties of the dispute since it began just over a week ago.

The three plants which are responsible for all UK tinplate production and are already barely running as raw materials dwindle and storage space for finished tinplate is filled.

The trade unions were fold yesterday morning of the management's decision to shut the plants. Ironically, the vast majority of the tinplate workers belong to the same union as *the striking transport drivers*— the Transport and General Workers' Union.

Metal Box, the main customer for South Wales tin plate, said last night that because of the closure it would have to run down "pretty fast," and that first effects would probably be felt at the beginning of next week. Normally, the company carries between two and six weeks' stock of tin plate.

It has already warned staff of the possibility of lay offs. It employs 8,500 people at its 14 plants making "open topped" ware for the food and drinks industry, and another 7,100 people at other factories.

In the South West, Devon County Council announced that no school dinners would be served after today until further notice because of declining food stocks. Priority is to be given to the food needs of the Social Services Department, handling old peoples homes, meals on wheels etc.

In general in the south west, however, adeuate food supplies are being maintained, according to the Government's Regional *Emergency Committee.*

In both Wales and the South West, the flow of animal feedstuffs to farms is still causing deep concern. Some feed mills in country areas are insisting they will be devoid of dairy, pig and poultry feeds by the weekend unless there is a change in the way the transport union's exemption list is being interpreted by pickets.

Deliveries halved in West Midlands

DELIVERIES by West Midlands companies have been halved because of the road haulage strike, Mr. Reg Parkes, the regional chairman of the Confederation of British Industry, said yesterday.

Stock piling of goods was not only constrained by space but was hitting cashflow, he said. And the surplus of goods could lead to short time working even after the end of the strike.

Mr. Parkes said the strike was being led by "the idiotic few" without public support and would lead to antagonism between trade unions.

The number of workers made idle in the Midlands climbed to more than 26,000 yesterday. Problems have been caused not just by picketing within the region, which now appears to be fairly spasmodic, but the cut in supplies from outside.

The Government's emergency committee for the West Midlands said the situation was becoming more serious. Shortages of salt for food production, and of margarine and butter, were reported in the east of the region.

Nearly 500 drivers taking unofficial strike action in the West Midlands in defiance of their union staged a demonstration yesterday outside the regional headquarters of the Transport and General Workers Union in West Bromwich. *Housewives delivered a petition* demanding an end to the dispute.

Ulster road haulage groups meet drivers

THE TWO sides in the lorry drivers' dispute in Ulster may come together today amid claims by the strikers that some companies are ready to meet their demand for a basic wage of £65 a week.

The talks were arranged by conciliation officers of the Northern Ireland Labour Relations Agency after meetings with the employers and union officials representing 5,000 drivers. There was little hope in industry, however, that the stranglehold might soon be relaxed. The Northern Ireland Office yesterday established an information centre at Stormont to advise companies about what essential materials are available and about what transport is still moving.

Local transport union leaders met Government officials to discuss how the strike was being run. The problem of secondary picketing appears not to be as widespread in the province as in the rest of the country.

A transport committee composed mainly of civil servants from different Government departments is meeting daily to monitor the strike effects. It reports directly to Mr. Roy *Mason, Ulster Secretary.*

The lorry drivers' strike committee said it would continue to picket the nine companies which it claimed were willing to settle, until such time as all employers met the wage claim.

Between 15,000 and 20,000 people are laid off but many companies are recalling workers sent home because of last week's fuel shortage.

About 800 new cars are trapped on the dockside in Belfast and another 1,500 are due to arrive by the end of the week.

'No more than 10,000 laid off in Scotland

THE SCOTTISH Office industrial division said 3,100 people had been laid off by the top 200 Scottish manufacturing companies. But even allowing for a much worse position in smaller firms, it is unlikely that more than 10,000 people have been affected so far in the Scottish manufacturing sector.

However, the Confederation of British Industry was sufficiently alarmed yesterday by the deterioration in the position of companies' stocks to revise its estimate of how many lay-offs will be necessary from the end of the week from 100,000 to 150,000 out of a total of 600,000 jobs.

The confederation said many companies were running dangerously short of supplies, particularly of steel products. The chemical, food and textile industries are also being hit.

Mr. Martin Luce, chairman of the National Association of Scottish Woollen Manufacturers, said the strike was endangering textile export orders and had put in jeopardy *the future of the industry.*

Some whisky distilleries have ceased production because they *are not able to move bottles.*

The Scottish region of the Road Haulage Association is to meet transport union officials at the offices of the Advisory, Conciliation and Arbitration Service in Glasgow later this week at the union's request, but it is unlikely that the association will improve on its 15 per cent offer unless there is some change in national negotiations.

Mr. Tom Bratton, regional *director of the association*, denied yesterday that some companies had conceded the union claim.

Food and drug factories hit in South

PICKETING outside food and pharmaceutical manufacturers yesterday threatened to increase the lay-offs forecast for this week in London and the South.

All Cavenham's 16 food depots have been heavily picketed. General Foods at Banbury, Oxon, has only nine of 20 distribution depots open.

Food retailers faced heavy picketing again. Tesco said that this had halted all vegetable supplies. Present stocks would shortly be depleted.

The Freight Transport Association had complaints from companies that drivers were asked to pay before passing picket lines.

At Felixstowe a driver had to pay £16.64, a year's union dues, to get through. At Basingstoke pickets at an animal feedstuff supplier demanded a day's salary and £20 for a named charity.

Work days cut to a third

More than 3,000 Boots warehouse and office staff working alternate days in Nottingham because of the haulage dispute have been told to come in on one day in three.

Fairley faces lay-offs

SOUTHAMPTON'S Fairley Industrial Estate has been heavily picketed. Many layoffs are expected by next week.

Engineers fear new problems next week

REPRESENTATIVES of engineering companies said yesterday that, in spite of earlier predictions of heavy lay-offs this week, they felt the crunch would not now take place until next week, when shortages of raw materials became critical.

Saunders Valve said that it expected to lose £3½m export orders which it would not recover, and that 2,000 jobs could be lost in Wales and Hertfordshire. At Howard Machinery, in Suffolk, 1,200 went on a three-day week. Ever-Ready laid off 1,400 staff in Northern Ireland, besides those already affected in County Durham.

Hoover's washing machine factory in Merthyr Tydfil is short of steel. Pickets were preventing the company's drivers from delivering steel to the plant, which employs 4,800.

In Northern England three small companies may close today because they have run out of Chevron heating oil, normally distributed by a strike-hit haulage company.

Steel shortage is hitting smaller companies, too, such as M.K. Skates, Slough, which makes ice skates, mostly for export.

In spite of the pledge not to picket medical and surgical supplies, Zimmer Orthopaedic of Bridgend, which makes steel hip and shoulder joints and invalid walking frames, reported that its goods had been unable to get through to customers.

In the West Midlands, 25 to 30 per cent of members of the Engineering Employers Federation were said to be seriously considering lay-offs, even though picketing in the region was light.

BL closing Cowley and Longbridge

BL WILL CLOSE its Cowley plant today, lay off about 5,000 and bring a temporary halt to production of Marina, Maxi and Princess models.

This will be followed tonight by closure of production at Longbridge, with up to 8,000 layoffs and an end to assembly of Minis and Allegros.

BL estimated that 20,000 to 25,000 would be laid off in the volume car division. Austin Morris, by Friday night if there was no easing of the problems created by the lorry-drivers' dispute.

Leyland Vehicles, the bus and truck division at Leyland, Lancs, will lay off about 1,000 on Friday, to join 700 already laid off at the Bathgate plant in Scotland.

So far in the specialist car business, Jaguar Rover Triumph, 970 are laid off because Dolomite production has been halted. The rest of production there can continue at least until the weekend. BL says it will keep up production of bodies at Pressed Steel Fisher, and of components, for as long as possible.

While Ford and Vauxhall have been able to work more or less normally, except for 3,200 layoffs at Ford's Basildon agricultural tractor plant, Chrysler warned last night that there were severe difficulties at its truck and an plant at Dunstable.

Layoffs from the 1,500 production workers there might begin today and become progressively more severe.

Once the major motor assembly businesses close capacity the impact will rebound on parts of the component supply industry so far not too badly affected.

Both Guest Keen and Nettlefolds and Lucas said they could not continue too long after major customers such as BL began to refuse supplies.

Layoffs in the tyre industry continued to spread. Pirelli, which laid off 650 at Carlisle last weekend, laid of 1,200 at Burton-on-Trent last night.

Ship-owners lose £2m each day of dispute

BRITISH ship-owners are now losing revenue of £2m a day because of the lorry drivers' strike, Mr. Ronnie Swayne, president of the General Council of British Shipping, said yesterday.

Mr. Swayne said that 100 ships were due to arrive at British ports this week, but many would be diverted to Continental ports because quays and warehouses were now heavily congested.

Mr. Swayne said that the £2m daily loss was unlikely to become greater as the strike continued, but the impact would be more severe as more and more ships found themselves out of position waiting to pick up cargo stranded in ports.

The shipping company's alternative was to sail without British cargo, meaning a part-laden ship, or to wait in North European waters and charter vessels to meet customer commitments in foreign ports.

This was the point at which real losses would be incurred rather than straightforward delays after which a backlog of cargo and revenue could be collected.

Mr. Swayne said that employers and Government must resist the temptation to surrender to high wage demands because in the longer term the damage caused by wage-cost inflation could be worse than the effects of the blockade.

Small businesses group in plea to Government

MR. HAROLD LEVER, Chancellor of the Duchy of Lancaster, met representatives of the Association of Independent Businesses yesterday to discuss the bleak future facing many of Britain's 1¼m small companies.

Mr. Brian Kingham, the association's national chairman, is concerned by the apparent lack of action being taken by the Government for small businesses since the lorry drivers' and rail strikes.

In a letter to the Prime Minister yesterday he said: "The majority of the nation's small companies, which employ some 9m people and produce 40 per cent of the gross national product, see the present disruption arising out of a situation in which the Government is seen to be talking only to big business and to the trade union movement."

Among the problems now facing small businesses include low stocks of materials, almost a total dependence on outside road haulage facilities, the breaking of ground rules on picketing of priority goods and the loss of turnover having an immediate impact on finances.

Many of the inquiries the association is taking from some of its 25,000 members deal with overdrafts now becoming necessary through loss of sales.

Steel plant may stop more furnaces

THE BRITISH STEEL Corporation's Scunthorpe division said yesterday that it had been hurt more by the one-day rail strike than by the lorry-drivers' dispute, and that more blast furnaces might have to stop operating if there were no trains tomorrow.

Four of the division's nine furnaces were not functioning, two because of the haulage strike.

Pickets prevented essential chemicals from entering the plant, though drivers had certificates saying they should not be excluded. So far the plant had managed by drawing raw materials from stock, but if the rail strike were repeated tomorrow production would not catch up until next week.

Elsewhere production followed the gloomy course predicted by BSC on Monday, when it spoke of the possibility of layoffs toward the end of the week.

BSC informed unions last week that it might soon invoke the guaranteed working week, paying staff 80 per cent of basic wage for five days, after which men are laid off without pay.

Shoe exports build up in warehouses

CONDITIONS IN the British footwear industry were still patchy, with some companies living from day-to-day, said the British Footwear Manufacturers' Federation yesterday.

Many of the 250 companies in the federation had no large stocks of leather and PVC and the hauliers' strike had also affected supplies of adhesive from ICI.

Some workers had been laid off, but only on a daily basis, with the largest number—900—for a day by a big company, but the situation could get worse later in the week.

A major problem for the industry is the shortage of warehouse space for exports. Production is building up in warehouses because of picketing. "Some secondary picketing is still going on," said the federation.

Drug companies starved of raw materials

DRUG COMPANIES said yesterday that the road haulage strike was still preventing supplies of vital raw materials reaching their pharmaceutical plants, in spite of a union decision not to hold up essential medical supplies.

Glaxo said the strike had not yet had a significant effect on its production but warned that stoppages at its suppliers could soon start to cut its drug manufacturing.

The group is not receiving deliveries of glass medicine bottles and plastic packaging, and it said it would face problems "unless the official recognition of priority for medicines is extended to cover raw materials."

Beecham Pharmaceuticals said it was still not receiving raw materials, such as sulphuric acid, hydrochloric acid, and caustic soda.

Low and Bonar to have £1m HQ

A NEW international headquarters for the Low and Bonar group—which operates in packaging, engineering and textiles—is to be built in Dundee at a cost of £1m, subject to the necessary authority being granted by Dundee District Council.

The purpose-built block on three levels will occupy a 4.5-acres site.

The site is being provided by the council and the company has raised a loan under the terms of which the group will lease the building.

Some furniture makers face shut-down

The furniture industry in High Wycombe, London and the north-west is suffering from shortages not only of timber but of adhesives, polishers and lacquers from such suppliers as ICI, who is also being picketed by lorry drivers.

Timber supplies are "patchy" said a spokesman for the industry. In the High Wycombe area, whose production covers five counties, a number of furniture manufacturers have stocks amounting to about a week's delivery.

One factory ran out of polishers and stopped its whole production line last week.

Big producers such as Gomme and Parker Knoll, are believed to have fairly substantial timber stocks, "but a large number of other factories might have to close down or go on short-time in the next week," said the spokesman.

Many of the 360 companies with 23,000 employees in London and the South-East are considering laying-off workers within a week. The road haulage strike has starved many of them of timber and adhesives.

"A lot of companies are working on a day-to-day basis," said a spokesman of London Furniture Manufacturers.

GLC gives bus guidelines

BUS STOPS should ideally be no further than 220 yards from shops in new town-centres, says a Greater London Council report.

The report to the GLC's planning and communications policy committee, today, stresses that good bus access to town centres must be maintained, to help contain traffic congestion and for the benefit of the old, who are dependent on the bus.

Japanese diesel car at £4,999

PRICES of the Diesel version of the Japanese-made Daihatsu four-wheel drive car have been announced by the importers, Andover-based TKM Vehicle Services (UK).

The soft-top costs £4,999 and the hard-top £5,149 (including VAT in each case). Both types are already available in Britain.

Liverpool airport likely to cut deficit this year

LIVERPOOL'S municipal airport at Speke is expected to be able to cut its yearly deficit of £1.5m in the coming financial year.

The airport is managed by the Merseyside County Council on lease from Liverpool City Council. The estimates for next year have been cut by £1m.

Councillor Ken Burlinson, committee chairman, predicted a brighter future. He said that there had been a 50 per cent increase in flights during the present year. The number of passengers next year was expected to increase by a third and freight traffic to rise by 28 per cent.

British Midland Airways took over the routes from British Airways in the autumn, and launched a £4m investment programme.

Move to exorcise ghost workers

A TORY backbencher's Bill outlawing the payment of wages to non-existent "ghost workers" in the newspaper industry was approved by a majority of 42 (219-177) in the Commons last night.

The measure, which was introduced under the ten-minute rule, stands no chance of becoming law.

But it does show the Commons' strong disapproval of the alleged practice of payments to fictitious names on the last of casual print workers, who are mostly employed by Sunday papers on one day a week.

It puts strong pressure on the Government to do something about the practice.

Mr. Nicholas Ridley, the right-wing Conservative MP for Cirencester and Tewkesbury, who sponsored the Bill, said that its effect would be to make the practice illegal.

Scandal

He described the situation as a "scandal" and claimed that the Government and Inland Revenue were aware of what was going on but had refrained from investigating the matter.

The Bill was strongly opposed from the Labour benches by Mr. Eric Moonman (Basildon), who is a National Graphical Association-sponsored MP.

Mr. Moonman said the proposals in the Bill were mischievous and frivolous. Mr. Ridley, he said, had made no attempt to understand the real problems of the industry, and had greatly exaggerated the position.

If the allegations were, in fact, substantiated, it would be a matter for criminal proceedings and there was was need for fresh legislation.

He pointed out that the unions were already co-operating in finding better ways of working the casual employment system in the industry.

Pay packets

Mr. Ridley told the House that Mr. Duke Hussey, managing director of The Times, had once found that the number of men actually working bore no resemblance to the number of pay packets being issued.

There was laughter as one Labour MP shouted: "It's the same in here."

Mr. Ridley said that names appearing on the payments lists included those of Sir Max Aitken, Duke Hussey, and even Mickey Mouse. The practice had arisen, he said, because management in the newspaper industry had opted out of control, and were conniving at paying the fictitious wages.

It was advantageous to them because such wages did not rank for pension purposes.

It was suitable for the unions because it got around pay policy and relieved their members of paying a considerable amount of income-tax. It had been estimated that £1m was being denied to the Revenue, he said.

Tanzania allocated £1m aid for war

BRITAIN HAS allocated £1m of a £3.5m programme aid grant recently made available to Tanzania. It will be used for civilian rehabilitation in the Kagera area — the scene of recent hostilities with Uganda.

Mr. Frederick Willey (Lab. Sunderland N.) asked the Secretary of State for Foreign and Commonwealth Affairs in a written question what assistance the British Government had given to Tanzania following the Ugandan attack.

Dr. David Owen, Foreign Secretary, replied:

"The British Government has made available to the Government of Tanzania programme aid amounting to £1m, to be used subject to the normal conditions attached to such aid, for civil rehabilitation purposes in the Kagera region.

"This is additional to the £2.5m of programme aid made available recently for other purposes."

The £1m, like the other £2.5m, will be used to purchase British goods and services of developmental value.

The uses of the £2.5m are not as yet settled but power generation equipment, medical supplies, agricultural implements and commercial vehicles are likely to be included.

Thatcher demands tough curbs on union power

BY IVOR OWEN

BRITAIN is in danger of Government by strike committees, Mrs. Margaret Thatcher, the Conservative leader, warned in the Commons last night.

She called on the Prime Minister to take the lead in curbing the excessive power of the trade unions.

Her speech won sustained cheers from the Tory benches. She promised Opposition support from any action taken by the Government to end intimidation by pickets and to protect workers who do not wish to belong to a trade union.

As part of wider proposals for reducing the impact of industrial disruption on the nation, Mrs. Thatcher advocated "no strike" agreements with unions which represent workers who are in a position to deny the community the essentials of life.

She instanced employees in gas, electricity and water undertakings and suggested that they should be asked to enter into "no strike" contracts in return for being promised a different method of wage bargaining.

Mrs. Thatcher promised the support of the Opposition if the Government initiated action along these lines.

'There is no right to intimidate any citizen in this country'

Opening the Conservative attack on the Government's handling of the problems created by the present wave of industrial unrest, Mrs. Thatcher declared: "Whatever view the Prime Minister may take about the situation in Britain, we take the view that it is a position of grave trouble of crisis proportions.

"It is a very grim picture indeed."

Mrs. Thatcher traced the source of Britain's present trouble to the action taken by Labour Mnisters to enhance the powers of the trade unions, coupled with the fact that the unions had increasingly come under leftwing influence and control.

While it was true that the Government had not changed the basic law on picketing, the places and occasions on which picketng could take place had been extended.

Amid Tory cheers, Mrs. Thatcher protested that the right of the citizen to do what he wished — a right which picketing, peaceful or otherwise, could not diminish—was no longer being upheld by the polce, or by the Goveirnment.

"Now we find that the place is practically being run by the strikers' committees," she said. "They are 'allowing' access to food. They are 'allowing' certain lorries to go through. They have no right to prevent them going through."

Mrs. Margaret Thatcher

Lorry drivers who wanted to take their loads through to the docks or other destinations were looking to the Government for protection—but they were not getting it.

"It is most reprehensible that firmer steps are not being taken by the Government to protect the right of ordinary citizens to go about their lawful business," said Mrs. Thatcher.

She pressed Mr. Merlyn Rees, the Home Secretary, to circularise Chief Constables, reminding them of the steps they could take to prevent abuses by pickets.

"There is no right to intimidate any citizen in this country. But intimidation and violence, though unlawful, are taking place and are a daily occurrence."

Mrs. Thatcher disclosed that she had received telegrams and other messages from victims of intimidation who, while prepared to provide evidence on a confidential basis, did not wish to have their names publicly revealed through fear of subsequent victimisation.

She admitted that the present law on picketing was extremely difficult to enforce but insisted: "If the present law is unenforceable we have got to change it.

"If the PM wishes to embark upon that we will certainly support him."

Mrs. Thatcher clashed fiercely with Mrs. Shirley Williams, the Education Secretary, over her action in standing in the Grunwick picket line along with another member of the cabinet—Mr. Fred Mulley, the Defence Secretary—even though not concerned in the dispute.

Mrs. Williams pointed out that as soon as violence occurred outside the Grunwick premises she had condemned it and, with strong support from the Government benches, called on the opposition leader to acknowledge this fact.

While making it clear that she would never accuse Mrs. Williams of violence or condoning violence, Mrs. Thatcher argued that the presence of Cabinet Ministers in a picket line was calculated to encourage others to give similar support.

"Numbers themselves can be intimidating," she said.

Mrs. Thatcher also clashed angrily with Mr. Joe Ashton (Lab, Bassetlaw) when he defended the picketing of the Saltley fuel depot in the Midlands during the 1972 miners' strike.

"It may have been illegal but it worked from the union's point of view," he said.

Mrs. Thatcher described this as a "significant and revealing intervention. You are not concerned with legality. You are not concerned with protecting the rights of the ordinary citizen to go about his ordinary business in this country but only with the convenience of the trade union movement."

It was precisely this attitude, she contended, which had produced the current situation with so many people having to apply for permits from strike committees of the Transport and General Workers' Union.

'If the present law is unenforceable we have got to change it.'

"This is exactly what this Government has landed our people in and it is totally and utterly wrong."

Mrs. Thatcher repeated her view that the Government's 5 per cent policy — or any other policy based on a fixed percentage — could not work.

But free collective bargaining, which the Opposition wanted provided it was conducted on a realistic and responsible basis, could not work either until a "true balance" between the parties concerned had been restored.

In earlier years, the employee had been markedly on the adverse side of the balance. But now the position had been reversed and the employers were on the adverse side.

Mrs. Thatcher promised that no Conservative MP would encourage road haulage firms to pay the rates being demanded by the union. They would not seek to undermine the Government's incomes policy in the manner of the Prime Minister during the last miners' strike under the Heath Government.

Glyn Genin

Mr. Callaghan (left) and President Carter at Guadeloupe.

Carter may defend Harrier jets

BY IVOR OWEN

PRESIDENT JIMMY CARTER may intervene to ensure that the U.S. Marine Corps is allocated the funds needed to finance the continued development of the American-built version of the British-designed Harrier jump jet.

This possibility was held out in the Commons yesterday by Mr. James Callaghan, the Prime Minister, when he reported on the outcome of the Western summit at Guadeloupe.

There were shouts of "Shame" from the Tory benches when he admitted, under questioning from Mrs. Margaret Thatcher, the Opposition leader, that President Carter had not given him any information about U.S. intentions on the improved version of the Harrier.

But the Prime Minister brushed their protests aside and asserted that the matter was still under consideration, despite Press reports that next week's U.S. budget will confirm the decision that the Marine Corps was being denied the $200m needed for the continued development of the aircraft.

"I have no doubt that when the final decision is taken the President will inform me, or indeed he may decide that this decision should not go ahead," he said.

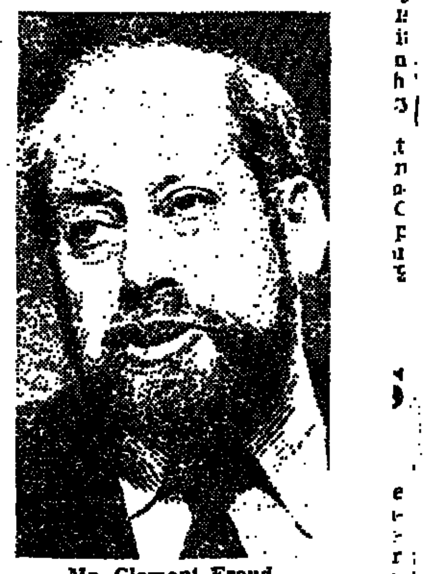
"As everybody knows, a great deal of in-fighting goes on in some of the American institutions."

Mrs. Thatcher emphasised that Britain stood to gain a considerable income from licence fees from the continued development of the U.S. version of the aircraft.

The announcement that the U.S. Marine Corps would not be allocated the money required had been made very soon after the ending of the Guadeloupe meeting.

Secrets Bill gets tepid support

By Elinor Goodman, Lobby Staff



Mr. Clement Freud

THE GOVERNMENT is not going to oppose Mr. Cement Freud's Freedom of Information Bill. A group of Ministers, chaired by the Home Secretary, Mr. Merlyn Rees, agreed yesterday that it would not be politic to obstruct the Bill at this stage.

The decision, announced by the Prime Minister yesterday, suggests that Ministers have recognised that they can no longer ignore crossbench pressure for a statutory "right to know," as promised in the last Labour manifesto.

Yesterday, however, the leaders of the more than 200 members of the Freedom of Information lobby were doubtful of the dept of the Government's conversion.

Mr. Freud, who came top of the ballot for private members' Bills this year, may call the Government's bluff by offering to drop the highly contentious part of his Bill covering freedom of information if the Government will give him a firm promise that it will bring forward legislation itself within the next six months or so.

As a result of yesterday's decision, Mr. Rees may well vote in favour of a second reading for the Bill, along with other Ministehs, and indicate that the Government would be prepared to consider establishing a statutory right of information.

He has asked to see Mr. Freud in the next few days to discuss the question.

Even so, it seems unlikely that Ministers would be happy to see the Bill get on the statute book in its present form.

As drafted, it would involve a reform of the Official Secrets Act as proposed, in isolation by the Government in its own White Paper last summer.

It would also establish a right of access to official information held by central Government and certain other public bodies.

The Government said last summer that it had an open mind on the second point, but Ministers still have considerable reservations about the practicality of such a measure.

The Government will probably use the committee stage of the Bill to put across its technical objections to the measure as it stands.

The Bill is, in any case, endangered by lack of time. When deciding not to oppose the Bill on Friday, Ministers may well have taken into account the probability that an election would stop it getting through the House.

Mr. Freud accepts that the Bill is not so much a blueprint for legislation as a gesture in what he regards as the right direction.

His intention in putting it forward was partly to flush out the Government's attitude on the whole question of freedom of information.

The Government's decision not to oppose the Bill suggests he may have been partly successful but the freedom of information lobby was not very optimistic yesterday about the chances of getting the Bill on the statute book.

The best it could hope for was that the matter would be fully discussed in committee and that the Government would be forced to reveal its attitude in more detail.

Package to ease labour relations

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A NEW package including the strengthening of price controls, a better deal for the lower paid and greater pay comparability for public sector workers was announced by the Prime Minister in the Commons last night as a step towards solving the current crisis on the labour relations front.

Mr. Callaghan coupled this with dire warnings about the effects of a large wage settlements on the economy. He compared the current situation with the wage explosion of 1975 which resulted in increases of 30 per cent.

"I make it clear as a Government that we don't intend to finance inflation," he declared.

"We intend to adhere to our monetary targets with inevitable effects—I am bound to say—both on the level of activity in the economy and te level of unemployment."

He ended a vigourous speech with a pledge that the Government would continue its attempt to keep wage settlements within non-inflationary limits.

At the same time, he admitted that the Government was left with precious few weapons in its armoury and was bound to lose some battles.

"But our startegy must survive," he said. "It is the only one for Britain. We shall do our best to carry it out. Insofar as we don't succeed in this Parliament, we shall carry it out in the next Parliament."

To the road haulage drivers now on strike, he had blunt words of advice.

"You have had a better deal than could have been expected. You should now go back to work."

The PM was highly critical of the use of secondary picketing in the current dispute. Nevertheless, he dismissed the idea of introducing legislation to prohibit it.

Instead, he said, the Government was already in discussion with the unions about drawing up a voluntary code of conduct on the subject.

Giving a resume of the present effects of the strike, he admitted that the situation was serious but rejected the need for the declaration of a state of emergency at the moment.

Outlining his new proposals, Mr. Callaghan said that the Government would be introducing a Bill to strengthen the powers of the Price Commission by repealing the provisions under which companies in the public and private sector were able to put up pjrices automatically.

He pointed out that when the prices legislation had been first introduced it had been the intention that the Price Commission should make judgments about the applications for price increases on their merits.

But this had later been relaxed to ensure a certain level of profitability, irrespective of the Price Commission.

It was no wseen that these regulations applied quite arbitrarilty. They allowed companies to put prices up whether or not they could contain them by cutting costs or improving efficiency.

Under the new legislation, there would be no restriction on the Price Commission's ability to consider the extent to which firms could reasonably absorb costs.

Water workers to step up picketing

BY RHYS DAVID

WATERWORKS picketing is to be stepped up throughout the North-west region and the support of colleagues in the rest of Britain is to be sought, it was decided by a mass meeting of water workers in northern Manchester yesterday.

The 600 men, who are dissatisfied with a national pay offer, oted to continue their fie-day-old dispute, which has left a total of 2,000 homes in the area without supplies.

The men, many of whom arrived in Oldham for the mass meeting in coaches hired by the North West Water Authority, were told by shop stewards that discussions with the authority had been a waste of time, and the vote for prolonging the stoppage was unanimous.

The authority had promised to look at a number of points made by the men, but had told them that the pay offer—talks on which will resume in London tomorrow—could not be discussed, as the authority had no power to negotiate. It also refused to agree to demands that the men should be paid for the duration of their strike, though an offer was made to pay them from yesterday to cover the period of the mass meeting.

The authority's next crisis will come when other workers decide whether to cross picket lines. Shop stewards claim that on present pay rates they are £9.81 behind colleagues working for the gas industry, and £4.90 behind electricity workers.

GMWU in national protest next week

BY PAULINE CLARK, LABOUR STAFF

THE GENERAL and Municipal Workers' Union, one of the biggest unions in the public services, began preparations in earnest yesterday for nationwide industrial action from next week as part of the co-ordinated union campaign against Government pay policy in the sector.

Mr. Charles Donnet, national officer in the GMWU, said yesterday that the union was expecting at least 10,000 of its members from outside London to join the public service workers' demonstrations by London area members on Monday.

Indications from the regions were that many who joined the national strike on January 22 for the "day of action" would not return to work the following day.

Even if the "day of action" could not be stopped, it was still not too late for the Government to come up with a solution to the pay problem which would prevent members continuing selective industrial action after that day.

Exploratory talks were proceeding with Ministers to see if a comparability exercise could be set up which would be helpful in determining wages both in the short term and the long term for public service workers.

The union was "imploring" the Government to intervene ahead of the nationwide action planned by more than 1m local authority manual workers, 250,000 hospital ancillary workers and a number of other groups from Monday.

The GMWU is to lead plans for action among local government workers as the union representing the largest number of manual workers.

The National Union of Public Employes is taking the lead in co-ordinating action among 250,000 hospital ancillary workers. In both sectors, action will be co-ordinated by local union committees.

● The GMWU leaders are joining the other three main unions representing ambulance workers in appealing to London members to reverse a decision not to maintain emergency services in the city on Monday.

Mr. Donnet emphasised that the unions were united in their policy to keep emergency services going in all sectors during industrial action to avoid unnecessary hardship to the public.

Long-term settlement in power contracting

BY OUR LABOUR STAFF

THE ELECTRICAL contracting industry has concluded a two-year pay deal covering about 65,000 workers in what is believed the first long-term settlement in the current round.

There is a 10.5 per cent increase in basic wages this year and 13 per cent more from January 1980, with possibly important implications for discussions ahead on pay problems in the public services.

After threats of industrial action last summer 5,500 hospital electricians re-established their traditional alignment with the private sector in a bonus deal similar to that in the private contracting industry.

The deal became a major issue last year because it failed to meet the Government's requirement that it should be fully self-financing.

Mr. Peter Adams, national officer of the Electrical and Plumbing Trades Union, said yesterday that he had this year again submitted a claim for hospital electricians on the same lines as that for the private sector.

He claimed that after last year's settlement Mr. Albert Booth, Secretary for Employment, gave an assurance of no further dispute over maintaining traditional ties between the two groups.

This year's claim, however, comes at a particularly sensitive time for the Government, faced with a battle over public service pay. The hospital electricians' position is bound to figure in any discussions from now on about over th epossibility of an inquiry into comparability of public service and private-sector wages.

The private contracting industry's deal gives a new standard average rate of 193p an hour, rising to 225p at the highest level.

Boilermakers accept in principle

A SPECIAL delegate conference of the Boilermakers' Society in Tynemouth yesterday agreed in principle to accept British Shipbuilders' proposals for a national minimum earnings structure. Mr. John Chalmers, the union general secretary, said after the conference: "There must be something in it for everyone."

Under British Shipbuilders' proposals skilled men would be paid £80 a week, semi-skilled £70 and unskilled £62, with a pay standstill for the higher-paid, possibly for up to two years while the lower-paid caught up. "This is out of the question," said Mr. Chalmers.

Watchdog committees will be set up to monitor the need for overtime in shipyards throughout the country.

TASS, the clerical section of th eEPTU, has agreed in principle to accept British Shipbuilders' proposals on minimum earnings levels and centralisation. The General and Municipal Workers' Union, second largest in the industry, has rejected them.

Reinstatement fears imperil journalists' agreement on pay

BY ALAN PIKE, LABOUR CORRESPONDENT

SETTLEMENT of the six-week-long provincial journalists' pay strike appeared at risk last night because of doubt over whether all the strikes will be reinstated.

Natoinal Union of Journalists chapel (office section) representatives meet in London today amid indications that a 14.5 per cent offer from the Newspaper Society has been accepted in a majority of offices.

However, while the society, which represents the provincial employers, has promised to issue a strong recommendation to its members that strikers should not be dismissed there is no firm guarantee of this in the proposed settlement.

The union fears that there may be particular problems over the reinstatement of strikers at the T. Bailey Forman group in Nottingham, where up to 28 journalists have taken part in the action.

If there are reports of companies failing to give firm guarantees against victimisation there is likely to be pressure at today's meeting to keep the national strike going until they abide by the Newspaper Society recommendation.

Ray Perman writes: The Glasgow Herald and its sister paper the Evening Times were published normally yesterday after failing to appear for four days becausse of a journalists' dispute over the introduction of new printing technology.

Members of the National Union of Journalists on the two papers demanded an assurance that their wage differentials over compositors would be maintained when new printing techniques were introduced. But the management refused to give this undertaking.

Instead, the company agreed not to try to produce papers on equipment now being installed in a new building until a pay settlement has been reached with the journalists.

Last week George Outram, which prints the two papers, said it was abandoning plans to use direct input typesetting by journalists when it moves to the new plant later this year.

Dockland scheme to create jobs

A £750,000 development scheme to create new jobs and preserve existing ones in the 800 acres of Wirral's dockland was approved yesterday by a Merseyside committee.

It was agreed to consider extending the industrial improvement area in the Birkenhead and Wallasey docks to include the Western Ship-repairers yard at Birkenhead, closed last summer with the loss of 600 jobs. The committee sees virtually no chance of re-opening the yard for repair work.

The schemes, which will extend over three years, cover an area where more than 250 concerns at present employ 9,300 workers.

Japan fears Soviet iron ore cutback

TOKYO — Japanese steel mills are concerned about a possibel move in the Soviet Union calling for cuts in its iron ore exports to Japan and other non-Communist buyers, Nippon Steel Corporation said yesterday.

However, Japanese users of Soviet iron ore have received no official notification of any reduction of import shipments under a four-year contract under which 1m tonnes are being supplied annually.

Information gathered by a major Japanese trading firm warned that the Soviet Union may have to renege on the second two years (1979 and 1980) of the deal to cover increased demand in the Soviet Union and Comecon member nations.

The Soviet Union is also selling about 3m tonnes of iron ore annually to other non-Communist countries including Italy, West Germany and Britain, Nippon Steel said.

Reuter

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● INSTRUMENTS

Brighter pictures in analysis

IN WHAT IS rapidly becoming the standard Philips "shock tactics" approach, that giant company's Analytical Instruments Group, working through Pye Unicam in Britain, this week launched an extensive new series of high-grade analytical instruments of major importance in practically every industry, as well as in research and higher education.

It will take potential users some time to absorb the full extent of the new developments incorporated in the new equipment, belonging by and large to the ultra violet and infra-red spectrophotometer group and to the liquid chromatograp family.

Pye Unicam, with its £22m. annual turnover, is the world-wide Philips supply centre for the design, manufacture and marketing of spectrophotometry, chromatography and electro-chemical instruments. It will come as no surprise, therefore, that the company is continuing to expand its applications laboratory in Cambridge to provide an extension of support to customers who have particularly difficult analytical problems. And behind this are the immense resources of the parent company's laboratories in the Netherlands and Germany.

One development of great significance for all the company's new ultra violet and atomic absorption equipment is the fitting, as standard, of master holographic gratings, where only a few competitors can provide replica gratings.

Master gratings are at least 20 per cent more efficient than replicas, while holographic gratings as opposed to mechanically produced units, are very considerably superior. This is partly because they produce so much less stray light. At the same time, they can be made in minutes rather than hours.

The effects of these improvements have been to reduce stray light emission in the company's instruments by a factor of ten over the whole wavelength range. In ultra-violet, the improvement factor is one to 50.

A second general advance in instrument technology is the application of a silica coating to all mirrors and the holographic gratings. This provides high reflectivity and much longer life because the performance of the hard silica coating is so much better than that of the alternative magnesium fluoride.

As a further means to improve performance, Pye Unicam has been working closely with the National Physical Laboratory for the manufacture and calibration, the best standard absorbance filters available anywhere. They cover the range from one to three Angstroms and provide filters with—in the case of the one Angstrom unit—an uncertainty of 0.2 per cent.

In its infra-red equipment, the company has brought out a new detector developed initially for military use. This operates at what the company describes as "normal audio frequencies" and has permitted a considerable simplification in circuitry with an increase in performance.

Microprocessor controllers are also introduced to give users a means of speeding up repetitive analytical sequences while reducing possibilities of error.

Pye Unicam, York Street, Cambridge. 0223 58866.

Ciba-Geigy of Duxford, Cambridge, is marketing this device for the sealing of cracks in concrete. The injection gun is loaded with a low viscosity resin and it is claimed that cracks as narrow as 0.05mm can be satisfactorily sealed.

● SERVICES

Exploiting new ideas

IDENTIFICATION of opportunities arising from technical developments and evaluation of products and processes are to be among the services provided by a new business consultancy—Spa Technologies.

The company claims its operations will be of particular interest to organisations seeking to expand through commercial exploitation of new ideas, licensing, joint ventures and other arrangements on an international basis.

Areas in which it says it specialises include mechanical and process engineering, electronics, civil engineering and the automotive industries. Enquiries should be addressed to Dr. D. A. Newton, Spa Technologies, Churchill House, 31 Warwick Street, Leamington Spa, Warwicks (0926 39393).

● COMPONENTS

Maintains a firm hold

SIMPLE worm-drive hose clips have been given a new lease of life in an ingenious banding system developed in the Midlands.

"Stranglehold" has taken the hose clip to pieces, stretched it and has come up with a banding system which is universal, but can be used again and again.

Supplied in standard 100 ft dispensing packs, it can in a few seconds be formed into a worm-drive or adjustable toggle clip which can be used in almost any situation where band fastening is required.

Major advantage is versatility. There is no need to carry expensive stocks of standard size clips; no need for the special tools associated with conventional banding systems and no waste when a band or strap has to be renewed. Stranglehold is particularly suited to applications where tension is critical—fine adjustments can be made with a screwdriver or nut-runner.

Basis is an 11 mm heavy duty threaded band made of stainless steel or zinc-plated mild steel. There are two simple fastenings—a worm-drive screw available in boxes of 50 or 100 and a quick release toggle.

In addition to the traditional slotted screw on the worm-drive clip, a hex-head slotted screw is also available and shortly a vandal-resistant Allen socket head screw will be introduced. In applications where the system might be exposed to vibration or where the band has to be regularly removed and replaced, a new housing with a captive screw has been developed.

Elmo Lightning Tools and Fasteners, Lightning Way, Alvechurch Road, Birmingham 31. 021 475 1373.

Resists high temperature

HIGH DENSITY ceramic fibre shapes for handling molten aluminium, lead and low melting point alloys are available from The Carborundum Company with the name Fiberform GC 50.

Impregnated with organic binder for greater erosion resistance, the shapes are not wetted by molten non-ferrous metals and are therefore suitable for launder (hot metal guidance trough) linings, ladles, and similar applications. The material withstands temperatures up to 1260 deg C, has low thermal conductivity, low heat storage capacity and good resistance to thermal shock.

Almost any shape that can be produced by tamping can be provided in thicknesses from 0.75 to 2.00 inches. A range of standard launder linings 24 inches in length and designed to fit a variety of launder widths is now in production.

To instal, the sections are simply placed in a launder shell without cement bedding and suitable gaskets inserted between them. After tight butting, appropriate cement is spread over the gasket joint, and dried for five minutes with a gas torch. Immediate use can follow.

More from the company at Rainford, St. Helens, Merseyside (074 483 2941).

● DATA PROCESSING

Two small machines with discs

TWO NEW computers in the Kienzle Data Systems range, the 2200-2 and 2200-3, combine visible record computing with the flexibility of floppy discs. Use of floppies improves the original visible record system, and access to more than one record simultaneously is a reality.

The 2200-3 has a console with line display, a high speed microprocessor and a fast printer which can maintain speeds of up to 100 characters per second.

The console is designed for ease of operation. The typewriter and international ten-key keyboards are familiar to any typist or adding machine operator.

The 2200-3 has the facilities of the smaller machine, with the addition of magnetic stripe ledger cards. It also has up to four floppy disc drives which allow access to 1.2m characters of data. The discs can be changed in a few seconds, so the machine can obtain access to very large data files.

Further information on 01-788 7792.

Norwegian choice for the stars

MULLARD Radio Astronomy Observatory of Cambridge University's Cavendish Laboratory has decided to base the computer control and data processing for the next generation 151 MHz radio telescope on Nord "super" mini-computers from Norsk Data, the Norwegian computer manufacturer.

The contract—placed through Richard Norton, Norsk Data's UK agents—calls for two processors operating with shared memory, in virtually the same lay-out as the systems to be supplied by Norsk Data for flight simulators in the American F16 fighter programme.

A 16-bit NORD-10/S with a slave NORD 50 will run under the Sintran operating system, with memory laid out to cope with the very fast data handling required for the radio telescope at a minimum of 300Kbytes/second. High performance disc drives will give 37 Mbytes of storage capacity.

The new 151Mhz telescope is being funded by the Science Research Council. Its design philosophy, particularly from a computer viewpoint, follows the Laboratory's experience with the 5km radio telescope, which was a major development as the first to have a computer wholly dedicated to control and data processing. In fact Cambridge has led the world in the application of advanced computer techniques to radio astronomy over the past 20 years.

The Nord computer system will be wholly dedicated to the 151 MHz telescope, although it may in future also be used for data processing and control work on other telescopes on the same site. It will be housed in a metal-lined screened room alongside the aerial array, designed to prevent even the slight amount of electro-magnetic radiation caused by the computer from interfering with the very delicate observations.

Nord House, 17 Balfe Street, King's Cross, London, N1 9EB. 01-278 5501.

Predicting the life of structures

FLAP stands for Fatigue Life Analysis Program for steel offshore structures and is a new offshore engineering computer program to predict the life of structures by calculating the amount of stress cycling in each joint of the structure under long term wave loading.

It was developed by SIA's specialist marine engineers to meet the rigorous requirements of the North Sea environment. The program is now available for general use on SIA's Cyber power service.

The program may be used for predicting fatigue life of steel offshore structure joints; calculating stress cycles and severity under wave loading; comparing fatigue life effects of design changes, and pinpointing which joints are likely to fail.

The newly developed programme is linked to the well known, comprehensive Mares Suite (MARine Computer System), which includes programmes for data generation and plotting, environmental loadings, structural analysis, coupled interaction analysis, piling, launch simulation and dynamic analysis. Flap therefore provides a direct fatigue analysis extension to Marcs.

Details from SIA, 5 Windmill Street, London. 01-636 3166.

● CONFERENCES

Hazards of industry

AS MORE and more toxic substances are used in industry and sent all over the world by road, rail and tanker, so the problems of transport and accidental release of poisonous substances become more acute.

At Lorch Foundation near High Wycombe, Bucks, in May, an environmental seminar will be held to place in perspective the problems associated with man's release of chemicals into his environment, considering the extent to which these problems can be quantified.

The seminar will examine regulatory trends and the resultant complexities which face industrial managers.

Industrialists are frequently concerned by the ever-increasing volume of new regulations in this field, and one aim of the seminar is to help them interpret these and so assist them with the task of controlling the release of emissions from their factories.

Mr. C. J. A. Preuveneers, Education and Training Centre Building 455, Harwell, Oxfordshire OX11 0QJ. Telephone Abingdon 24141, Ext. 3106 for further details.

Closer to hand is a conference on dust explosions, which can occur with unimaginable speed and unexpectedness in an unknown variety and combination of circumstances.

There have recently been a number of incidents in the U.S. and elsewhere involving serious loss of life, with destruction of property and equipment running into millions of pounds.

Even the avoidance of layers of dust on factory sites does not obviate the problem when it comes to powder handling operations, and common materials such as grain, sugar and flour can be ignition sources. Flames, heat, electrostatic charges and sudden changes of temperature are also examples of the way in which such explosions can start. The danger is intensified in the presence of gaseous and particulate mixtures.

This conference is a continuing discussion of a problem about which there is still very considerable concern despite the work already carried out by the Health and Safety Executive, industry and research institutes.

The parameters to define dust explosion risk are currently being reviewed by international organisations such as the Working Party on Dust Explosion, West Germany, the International Electrotechnical Commission and the British Standards Institute.

The incidence of these hazards is so widespread as to call for the co-operation of all those in any way concerned with the health and safety of people at work. This the conference seeks to update and extend the current methods of containing such explosions, as well as bringing together people deeply involved in solving these problems.

Oyez International Business Communications, Norwich House, 11-12 Norwich Street, London EC4A 1AB. 01-242 2481.

● PROCESSES

Cleans bilge water

A DUTCH company is marketing an oil/water separator for bilge and ballast water and for industrial waste water.

The separator itself consists of three parts, a lower section with a coalescence filter, a middle section with anti-turbulence gratings and a top cover. Clamped between the cover and the middle section is a diaphragm made of oil-resistant rubber.

The whole of the separator housing, i.e., both above and below the diaphragm, is filled with water. The water above the diaphragm ensures that its action cannot be affected by differences in pressure. The area above the diaphragm is therefore also connected with the lower section of the housing by means of compensation pipe with a valve.

Since the separator is entirely filled with water there is of course no free liquid surface. Consequently, no mixing of oil with water and air can take place in the separator housing if the ship is rolling heavily or pitching. This means that the device functions efficiently even in very adverse weather conditions.

An oil and water mixture is sucked in from the bilge area or collection tank. After a rough separation (the large oil particles rise spontaneously to just below the diaphragm) the mixture, which now contains only small oil particles, is filtered. When there is sufficient oil in the separator filtering is stopped and the filters are flushed through with clean water in the opposite direction.

The oil filtered in this manner rises and joins the oil separated previously. This oil is taken to a "dirty" oil tank and the process can begin again.

The standard version is fitted with a steam coil, but electrical heating can be built in if desired.

S[illegible] Services, Postbus 2[illegible], [illegible] Holland.

FINANCIAL TIMES SURVEY
Wednesday, January 17, 1979

Trailers

Although last year began well for trailer makers, the demand faded badly towards the end of 1978, and there is now over-capacity among European manufacturers. The next peak in demand is likely to come in 1980, based on the assumption that by then there will have been some stimulus provided by Common Market harmonisation.

Makers hope for an end to the lull

DEMAND FOR trailers remained relatively static in Continental European countries during 1978 and the year-end statistics will suggest that Britain was in a similar position.

Around 17,000 trailers were built in the UK last year, roughly in line with the 1977 output, although some companies estimate there might have been a 5 per cent improvement in unit terms.

But the statistics obscure the fact that 1978 started extremely well for British trailer makers then faded badly towards the end of the year.

"It was just as if everyone who was responsible for buying trailers went on summer holiday and forgot to come back," is how one senior executive in the industry described the position.

At first it was widely assumed that the lull was associated with the International Motor Show at the National Exhibition Centre, near Birmingham, in October. There is always a drop in orders for capital goods of any sort in front of a major exhibition. Purchasers hold back until they can go along to the show and sample some of the hospitality on offer before placing their orders.

But Motor Show and post-Motor Show orders did not come up to expectation. And some trailer producers were a little disappointed about the relative absence of overseas buyers at the show.

The 1978 experience proves once and for all that sales of tractor units and trailers do not necessarily go hand-in-hand in Britain. For the boom in truck sales generally was helped by a bouyancy at the heavy end of the business. Total sales of heavier commercials rose by 14.6 per cent to 70,445 in the UK last year, according to the latest Society of Motor Manufacturers and Traders (SMMT) figures.

There was also a variation in the demand for different types of trailer in the UK last year. Perhaps the most badly hit in 1978 were "tilts." These are the platform semi-trailers, fitted with low timber or metal sides and a removeable framework supporting a covering tarpaulin ("tilt"), and designed for international through traffic requirements.

Demand for these internationally operating trailers subsided in the wake of the downturn in economic activity in West Africa, in Nigeria, in particular, and a combination of a slowing-down in trade to the Middle East and much greater use of sea routes to supply the Middle East countries.

Road hauliers seem to have been caught out a little by the speed in which the Middle East ports and their roll-on-roll-off (Ro-Ro) facilities have been brought into operation. The various ghastly experiences suffered by some exporters who were badly served by inexperienced road hauliers during the early days of the boom in Middle East demand did not help matters either and encouraged a fast switch to the sea routes.

Surplus

The other immediate problem in the UK is that the upsurge in trailer rentals and the arrival of many new rental companies on the scene produced what, with hindsight, was clearly unjustified heavy purchases of "tilts." As a result, there is a sizeable surplus of unused "tilt" not only in Britain but all over Europe.

They can be hired at very low rates and this must surely have hurt UK sales of van trailers which would more commonly be used domestically. There have also been attempts to convert some "tilts" into curtain-sided trailers, thus taking some of the steam out of the demand for this type.

In fact, while demand for "tilts" dropped to between 10 and 20 per cent of the 1977 level, sales of curtain sided trailers were moving up in Britain last year. In passing, this provides another illustration of the fact that the British market for trailers has so far failed to follow the American example.

In the U.S. the aluminium van trailer has become the "work-horse" of the haulage industry. This has not happened in Britain where curtain sided trailers and those of GRPP (glass fibre reinforced plastic), both relative newcomers, are showing considerable growth.

This trend has been encouraged by the rapid rise in the price of aluminium after the oil crisis. However, advocates of aluminium still believe that its weight advantage over GRPP will tell in the end and that the UK will follow the American lead.

The other type of trailer which had a good 1978 was the tipper or dumper, the kind of trailer fitted with gear which tips the body in order to deposit the load. The abundant grain harvest in 1978 and a successful season for sugar beet producers also helped to lift tipper demand.

The trailer industry consensus of opinion is that 1979 will prove to be about the same as far as UK output is concerned.

Demand seems to have settled at a level where it will take some outside stimulation or disaster to send it either sharply up or down. Certainly nobody in the industry expects in the medium term that British trailer-makers will build 20,000 units in a year as they did in the 1974-75 period.

One authoritative estimate is that the next peak will come in 1980, when output could reach 18,650 units. This is based on the assumption that by then there will have been some stimulus provided by Common Market harmonisation. Then production should slow down in 1981 and 1982 following its usual cyclical pattern.

It is highly unlikely that the UK will make any moves towards harmonisation with other EEC member countries on the road haulage front during 1979. After all, it is an election year and the new Government is unlikely to put this item near the top of its immediate priorities.

But in the past the demand for trailers on several occasions has been given a very useful boost by legislation. First, the increase in allowable trailer length from 26 ft to 33 ft made much of the haulage industry's stock of trailers out-of-date. This was followed by an increase from 33 ft to 40 ft and the process was repeated.

Similarly, the increase in allowable gross vehicle weight from 24 tons to 32 tons pushed up trailer demand.

The next move along this particular road will certainly arise from EEC harmonisation which seems to have become stuck in the mud at the moment. Many in the UK industry believe this is because the British Government is reluctant to take a lead and set things moving again. The problem is that the Common Market seems to be heading towards harmonisation at 40 tons gross vehicle weight.

Any attempt by the British Government to introduce legislation to this effect would bring an outcry from the voluble and influential anti-lorry lobby. And the present Government, with its minority in Parliament, obviously would wish for the time being to avoid controversial measures of this sort.

The trailer industry's case (and that of the truck makers) is that tractors and trailers need be no bigger to carry heavier loads if those loads are distributed evenly over axles incorporating modern techniques. The hammering effect on the road would be no more than at present, they suggest, and probably less.

The weight of a vehicle is, after all, translated to the road surface through its axles. So the hammering effect which could damage the road surface depends on the number of axles a lorry has, the distribution of its total weight over them and the construction of the axles themselves.

Britain's present legislation specifies a top weight of 10 tons for any one axle, whereas the Common Market plan is for the maximum to be 11 tonnes (the metric tonne being fractionally less than the UK ton).

Even the French, whose trucks have to cover a great deal more domestic territory than the British or the West German vehicles, have agreed that they will reduce the allowable axle weight from the present 13 tonnes when harmonisation moves are made.

The differences at present between the various national regulations for trailers in the European Community countries preserves the division of the EEC market for trailers into a number of national markets.

The major UK-based trailer groups feel that harmonisation must help them in their attempts to dent the Continental European markets. About 10 per cent of Britain's trailer output is now exported. But very little of that exported output ends up on the Continent.

The UK manufacturers insist that they have the technology to make some of the best trailers in Europe and that their prices are usually below those asked by domestic manufacturers. In the end, however, chauvanism often prevails and a local producer wins the business.

The Continental producers need all the business they can find. There is over-capacity on the Continent as a result of a continuing stagnation of demand at a none-too-high level. Conditions such as these often lead to local protectionism.

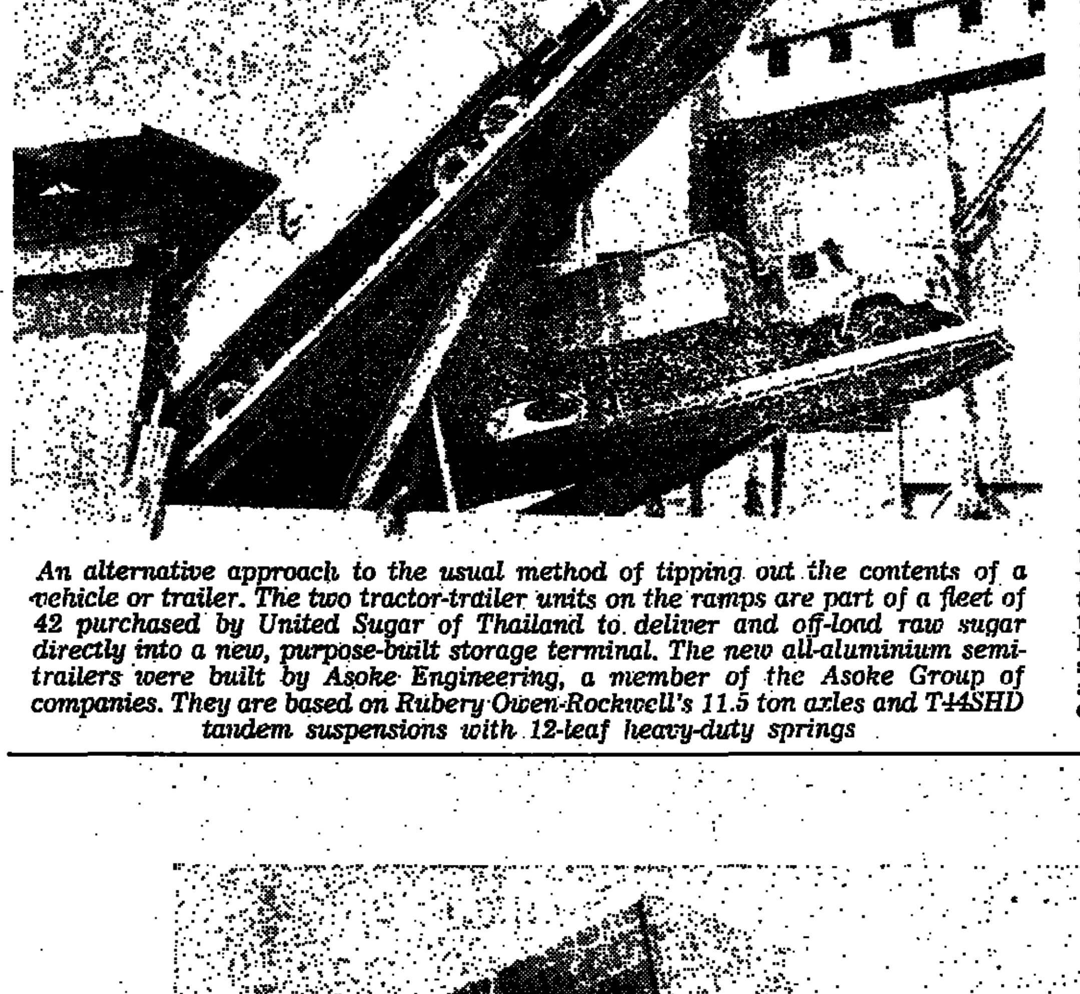
Over the past few years several Continental manufacturers have gone to the wall. This helped reduce total capacity which had been swollen during the switch by the shipping industry to containerisation. For containers require skeletal trailers to carry them—a special form of platform trailer without any flooring and one where the container rests on the skeletal frame and is secured to it by what are known as twist locks at each corner.

Now the stock of containers has been built up to a level where only replacement business is available. And with the shipping industry in the doldrums there is not too much of that.

In the UK the trailer industry has shown considerable resilience considering that demand fell sharply from the 20,000 peak to around the 10,000-a-year level. Admittedly, some companies pulled out of the trailer business during the steep decline.

The reaction of many trailer makers in times of recession, however, is to cut prices. This does not stimulate any increase in total sales, of course. It just ensures that the industry makes lower margins of profit on a smaller volume. That is a sure recipe for disaster if taken to extremes.

Kenneth Gooding



An alternative approach to the usual method of tipping out the contents of a vehicle or trailer. The two tractor-trailer units on the ramps are part of a fleet of 42 purchased by United Sugar of Thailand to deliver and off-load raw sugar directly into a new, purpose-built storage terminal. The new all-aluminium semi-trailers were built by Asoke Engineering, a member of the Asoke Group of companies. They are based on Rubery Owen-Rockwell's 11.5 ton axles and T44SHD tandem suspensions with 12-leaf heavy-duty springs

Further growth in leasing sector

THE MOVEMENT of freight has become a specialised business to a degree that would have been unrecognisable a decade ago.

There have been major changes in the manufacture and movement of goods. And there have been even greater changes in the structure and organisation of their distribution and selling procedures.

As a result, the demands on the modern haulier are becoming increasingly diverse, reaching a point where forward financial planning has become a major imponderable for anyone attempting to run a fleet of commercial vehicles. Against this trading background it is no surprise to learn that the practice of leasing continues to expand. Economic fashion is one driving force and so is the sales pitch of the leasing industry. But for many hauliers leasing makes plain common sense.

Not all operators agree that leasing or hire is a viable form of fleet financing. At least one major publicly quoted haulage company—United Carriers—has never been involved in anything other than outright fleet ownership. But then the sheer volume of a fleet of LCs, which is in excess of 750 vehicles, makes the arguments about capital allowances ring out convincingly.

Mixture

Yet many haulage operators have begun to think in terms of a mixture of leasing and full ownership. And at the lower end of the industry, among the myriad of really modest fleet companies, leasing has grown into an established fact of financial life.

Commercial vehicle leasing is a specialised operation, and especially so at the trailer end of the industry. Both here and on the continent the trade is dominated by the U.S.-owned Transport International Pool which runs a fleet of 4,000 trailers in the UK and roughly twice as many on the European mainland.

TIP claims to have maintained its market shares in UK trailer leasing last year but is equally emphatic about growing competition, both from established as well as newly formed leasing operations.

These patterns of trade are, of course, good news for potential leasing customers. If nothing else they imply lower, more competitive charges as well as the possibility of a broader service through a wider choice of available leasing companies. Newcomers to the business include National Car Parks and the Trebaven Trust, both of which moved into trailer leasing last year.

At TIP, the choice of vehicle and service is already remarkably wide. The company offers 17 different basic types of trailer, while for contracts extending beyond two years it will supply exactly to customer specification. Outside the UK, TIP's operations centre on France, Holland, Belgium, Scandinavia and West Germany. The company's expertise lies in identifying the right kind of leasing or rental deal for a particular customer.

TIP is particularly active in international haulage, concentrating on the sort of trailer fleets which can operate on long-range European routes. The company's growth overseas is partly explained by the sophisticated nature of international haulage which more readily adapts to the use of leasing as a method of fleet financing. In the U.S., around half of the national trailer fleet is leased whereas in the UK the percentage is probably under 10 per cent. The ratio for continental Europe is perhaps midway between these two extremes.

The other major trailer leasing company in this country is Crane Fruehauf which, following a recent and lengthy takeover battle, is also American-owned.

Crane's trailer operations divide into two distinct areas of operation which it is careful to nurture separately. Crane Fruehauf Finance provides a leasing service while the company's rental operations are based on Rentco Nationwide. Rentco came into being in 1970 with CF Finance emerging some three years later. The former, with some 3,000 units available, is the larger of the two operations.

Rentco's strength lies in its wide network of depots which in the UK number 60, with a further three in Ireland. A full package of service and maintenance is offered and costs are competitive. On an annual contract a basic, curtain-sided trailer would cost around £50 a week to hire with charges rising to around a weekly £75 for shorter periods.

CF Finance now has around £3m tied up in trailer equipment and its operations are divided fairly evenly between leasing and hire purchase.

Clearly, there are several ways of looking at the financing options open to the fleet owner. The starting point for the transport executive is quickly isolated: are his available funds sufficient to cover outright purchase? If not he is more or less forced into leasing or hire.

Conversely, if capital is available and the haulage company is in a position to take advantage of the depreciation allowances on new investment then the decision could be to purchase outright. As one prominent member of the haulage industry puts it: "If there is a profit in purchase for the finance company, there must be a profit in it for us."

It is at the level of the more modest fleet operation that the leasing industry has achieved its greatest market penetration. One reason here is that it is virtually impossible for the small man to properly evaluate his fleet and therefore take the right financing decisions.

On the basis of a huge fleet and diverse customer representation, a leasing company can gauge the mileage life of a particular vehicle and balance correctly the opposing forces of a descending rate of depreciation against the ascending cost of repairs.

Leasing also injects an element of fixed costs into fleet management, allowing the financial budgets of the operator to be mapped out immediately the ink on the contract has dried.

Attraction

At the same time, the "off balance-sheet" nature of a leasing contract is a clear attraction to some fleet operators-haulage companies, notably, those already burdened with substantial debt. Some leasing companies have found this point telling with customers who attach major importance to balance-sheet ratios such as returns on capital employed.

Thus, in some ways, the transport executive can use a leasing arrangement as a credit facility allowing himself the flexibility of replacing or acquiring additional vehicles without recourse to an embarrassing interview with his company's bankers. Over the past six months, the upturn in interest rates has once again put the cost of money right at the forefront of the managerial mind.

Equally telling to some is the "all in" aspect of a leasing contract, in which some finance companies offer a full mechanical repair and breakdown service. This leaves the trickier problems of fleet management to someone else, and allows the haulier to concentrate on simple trailer utilisation.

Jeffrey Brown

AM Garage of Birmingham uses this Crane Fruehauf TIR tilt trailer, hitched to a Saviem SM 36-280 tractor unit to transport commercial vehicle spares to the UK for Renault, as well as transporting British-made truck components to Renault factories in France.

Changes in the industry's structure

THE INFLUENCE of the North Americans on Europe's trailer industry is considerable.

The industry, for a start, is dominated in output terms by the Fruehauf Corporation, in turn the biggest of the U.S. trailer makers, with sales of around $1.6bn a year. Second in Europe's trailer league (in unit production terms) is Trailor of France, a concern owned 58 per cent by Pullman Corporation, the American transport equipment, engineering and construction group.

Third in the production league in Europe is York Trailer of the UK, and its parent is the Canadian group, York Transport Equipment which has a 60 per cent stake.

All the signs are that the North Americans are preparing to capitalise in the 1980s on the presence they have built up in Europe over the past 20 years or so.

Fruehauf's history in Europe is typical of many U.S. capital equipment manufacturing groups. It started by allowing European business to use its technology by way of licensing deals and followed through by taking a "cementing" shareholding in some cases. More recently it has been taking a long, hard look at its investment in Europe with the idea that it could achieve a much better return.

It has now started to bring its European affiliates closer together and is treating Europe as a single market in much the same way as it is able to treat the various states in America.

The aim is to integrate design, manufacturing, parts buying and marketing into one co-ordinated effort. As harmonisation of requirements among the EEC countries gradually takes place, there should be more and more opportunities for joint buying of components and for standardisation of the trailers built in various parts of the Common Market.

But to control such a policy adequately, Fruehauf needed to tighten its grip on its European affiliates. That is why it made its bitterly-opposed but successful bid for Crane Fruehauf of the UK in which it previously had a one-third interest and then followed with the acquisition of Netam of Holland by raising its shareholding from 28 to 100 per cent.

Fruehauf already owned its French offshoot taken over at the request of its affiliate several years ago, and had 98 per cent of Ackermann-Fruehauf of West Germany.

Links

The links elsewhere in Europe are not so strong. Fruehauf has 20 per cent of Forss-Parator of Sweden, with the other principal shareholders being Volvo and Saab-Scania. In Italy, Fruehauf's licensee is Officine Calabrese, while in Spain it has a similar arrangement with a concern called Fruehauf SA Officine.

But when all these operations are taken into account, Fruehauf is responsible for around 18 per cent of the 66,000 trailers produced in Europe each year, compared with Trailor of France's 9.5 per cent in second place.

Trailor is also taking steps to expand in Europe but takes the view that for the time being this can be achieved only by separate operations within each country—such is the constraint on across-the-border sales of trailers by local specifications.

The group took a major step in this direction in 1974 when it set up in Britain. It bought Peak Trailers as part of this entry programme but only to give it a small assembly base.

Since then, the Trailor UK has maintained a 4 per cent share of the UK trailer market. It recently moved to a new service and parts centre at Ripley, Derbyshire, and expects to open another in the London area later this year.

Once the service back-up has been provided, Trailor UK hopes to open its own factory early in 1981. It would have to achieve annual sales of around 1,500 against the current 800 or so before assembly in Britain looks a reasonable proposition.

There is already some British content in sales, however. While the volume products continue to be imported from France, Trailor UK is assembling low-volume "specials" at Ripley. And customers can have British-built axles and suspension units (from Rubery Owen-Rockwell) if they prefer them to Trailor's own.

Trailor UK's managing director, Mr. Jeff Harrison admits that his gross margins are lower than some UK producers in order for the company to price competitively. But his company does not have to bear heavy manufacturing costs and the economies of scale production at Trailor's factory in France are significant.

The French factory is claimed to be the biggest single trailer builder in Europe with an output of 1,000 a month, a level not achieved by any of the individual Fruehauf businesses or affiliates.

Trailor's turnover is equivalent to around £75m, helped by the fact that it is in Europe's biggest single market for trailers, France, and has about 32 per cent of that market compared with Fruehauf France's 25 per cent share.

Against this, York Trailer's turnover in 1977 was £36.3m. The group is Britain's second-largest trailer-maker with about 20 per cent of the market against Crane Fruehauf's 45 per cent.

There are more than 40 trailer manufacturing companies operating in Britain but probably only 20 of them are full-time in the business. And, as in all the other European markets, more than half the total sales is in the hands of no more than three producers. (In West Germany, Ackermann-Fruehauf, 20 per cent, and Kasshohrer, 30 per cent, are the dominant companies.)

Subsidiary

In Britain, the third force, with a sizeable 15 per cent market share, is Craven Tasker, a subsidiary of the John Brown group and formed from a combination of Cravens, Homalloy and Taskers. This concern notched up sales of about £30m in 1978.

Craven Tasker has played a considerable role in the rationalisation of the UK trailer industry and this process continued last year with the acquisition of Boalloy which, with its Tautliner and Linkliner products, is the European market leader in the design and manufacture of side-access vehicle bodies.

York, too, has been responsible for helping along the rationalisation process in Britain. It has acquired both Anthony Carrymore and Scammell Trailers (formerly owned by BL) in recent years to widen its product range. York also set up an assembly operation in the Netherlands. York has developed a large-scale axle manufacturing facility so that it now has the ability to make virtually any product, from a chassis to a hoist, in-house.

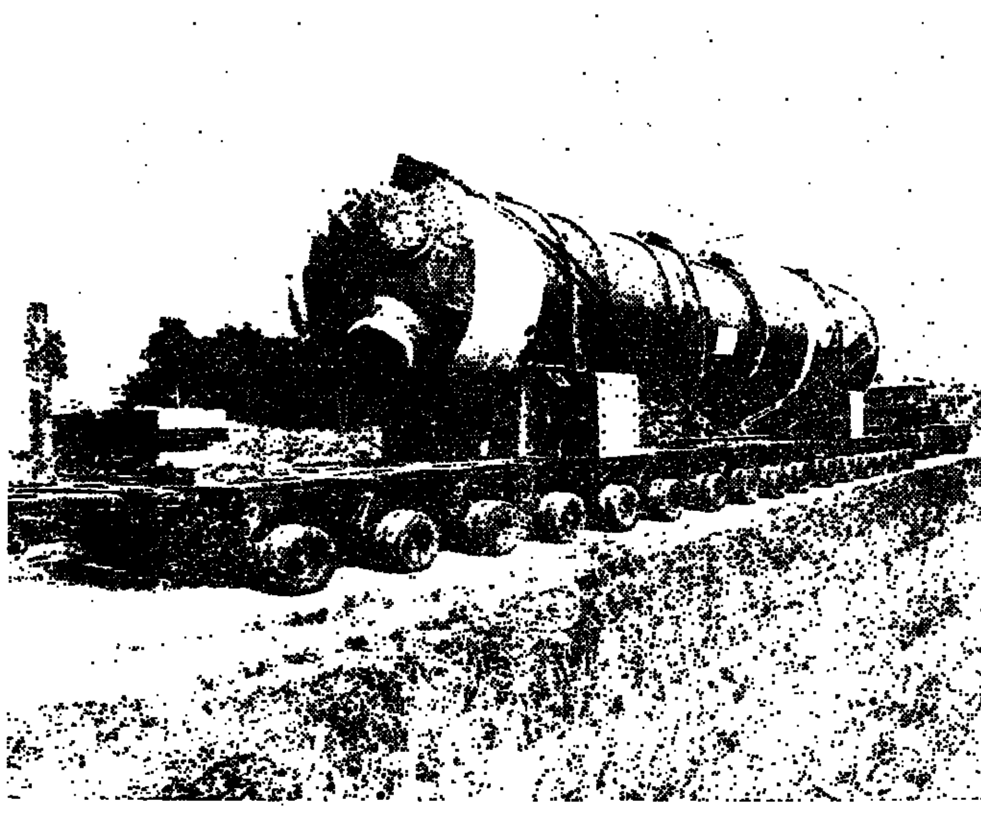
The smaller trailer-makers who not only survive but also thrive are usually those which are highly specialised.

In the UK the list of such companies includes Tidd Strongbox for GFRP (glass fibre reinforced plastic) vans; Freight Bonallack, the Alcan subsidiary, for refrigerated vehicles; King, the Canadian-owned Market Harborough-based concern, and R. A. Dyson in low loaders.

In the 1960s it was possible for concerns such as this to expand rapidly and take a sizeable share of the market. But today trailer-making has grown into a mature industry with a stable commercial structure in which the economies of scale will increasingly strengthen the hands of the already-large producers.

For those small companies with something to offer and expansion in mind, a link of some sort with—and possibly full-scale acquisition by—one of the industry's "big brothers" seems the most obvious answer.

Kenneth Gooding



Loads ranging from 100 to 1,200 tonnes can be transported on Task multi-axle trailers—the fully steerable axles are hydraulically suspended and the ride height of the trailer may be varied by up to 600 mm

Lighter but stronger designs

THE DESIGN of trailers for road haulage has developed rapidly since the 1960s when often crude solutions were adopted by manufacturers to meet the needs of freighting companies handling the rising number of international-size freight containers.

The earliest solutions often involved simply placing the 20 ft long containers on existing designs of trailers. These were flat, rather cumbersome and very heavy structures, often originally designed for much more arduous duties.

The result was a road transport system for the containers which presented the road haulier with a substantial weight penalty. The trailers were often ill-adapted to emphasise the transport advantages of containerised freight.

The simplicity of the container was often completely negated by the arbitrary design of the road vehicle that would take the goods to the market place.

Solutions

Many manufacturers, however, were acutely aware of the weight penalty involved in attempts to marry an existing, old-fashioned flat trailer, with the latest in international freight containers. New solutions emerged in the late 1960s.

In place of the flat trailer container combination, designers in vehicle body building companies attempted to mobilise the shipping containers by fitting wheels to the rear of the container. Smaller parking wheels were fitted near the front with a standard coupling for the driving unit.

The resulting structure was certainly lighter than the earlier flat trailer base and container combination. But the weight saving and the reduction in cost were not achieved without a new penalty.

The problems associated with this compromise showed up in the field, particularly in some of the longer international road hauls to the Middle East and Africa, where often inadequate roads and frequent transhipments of the wheeled container produced undesirable results.

The combination of a standard international size container and wheels did not necessarily have the strength to withstand the rigours of international transport. Many fully laden box containers shed their loads as the often inadequate side walls collapsed under the strain.

The wheeled containers which did collapse were usually only those produced by vehicle body-building companies on the basis of commonsense engineering, rather than engineering based on an understanding of the properties of materials and an analysis of the forces acting on a structure, in varying conditions.

Other companies, with a sound engineering base and detailed attention to product design, including York Trailers, Crane Fruehauf and Craven Taskers, did not run into these problems and continue to make a wide range of well-engineered trailers with a high degree of success.

But the success of any trailer design is closely linked to a study of the needs of specific markets and some of the wheeled containers made in Britain may be perfectly adequate for use in the conditions prevailing in the UK, but they may be less than perfect for use elsewhere.

In continental Europe, many trailer manufacturers still base designs on the use of a comprehensive steel chassis running the length of the trailer.

This brings with it a substantial weight penalty, but the designers are often rewarded with a long life for their products, despite service under arduous trans-continental conditions.

This solution, with the emphasis on toughness of the underlying trailer structure is the converse of the solution where wheels were applied to a basic box container. Here the manufacturers produced what was essentially a monocoque structure, where the walls of the container, taken together, formed a structure with inbuilt strength, but only when the forces on the container were distributed evenly.

The original design of a monocoque structure resulted in some trailers with a high structural integrity able to withstand enormous stresses. But many of the design ideals were lost when the so-called box trailer appeared.

The box trailer was often designed with the primary aim of cutting excess weight. The landing legs were often only tack welded. Drivers who

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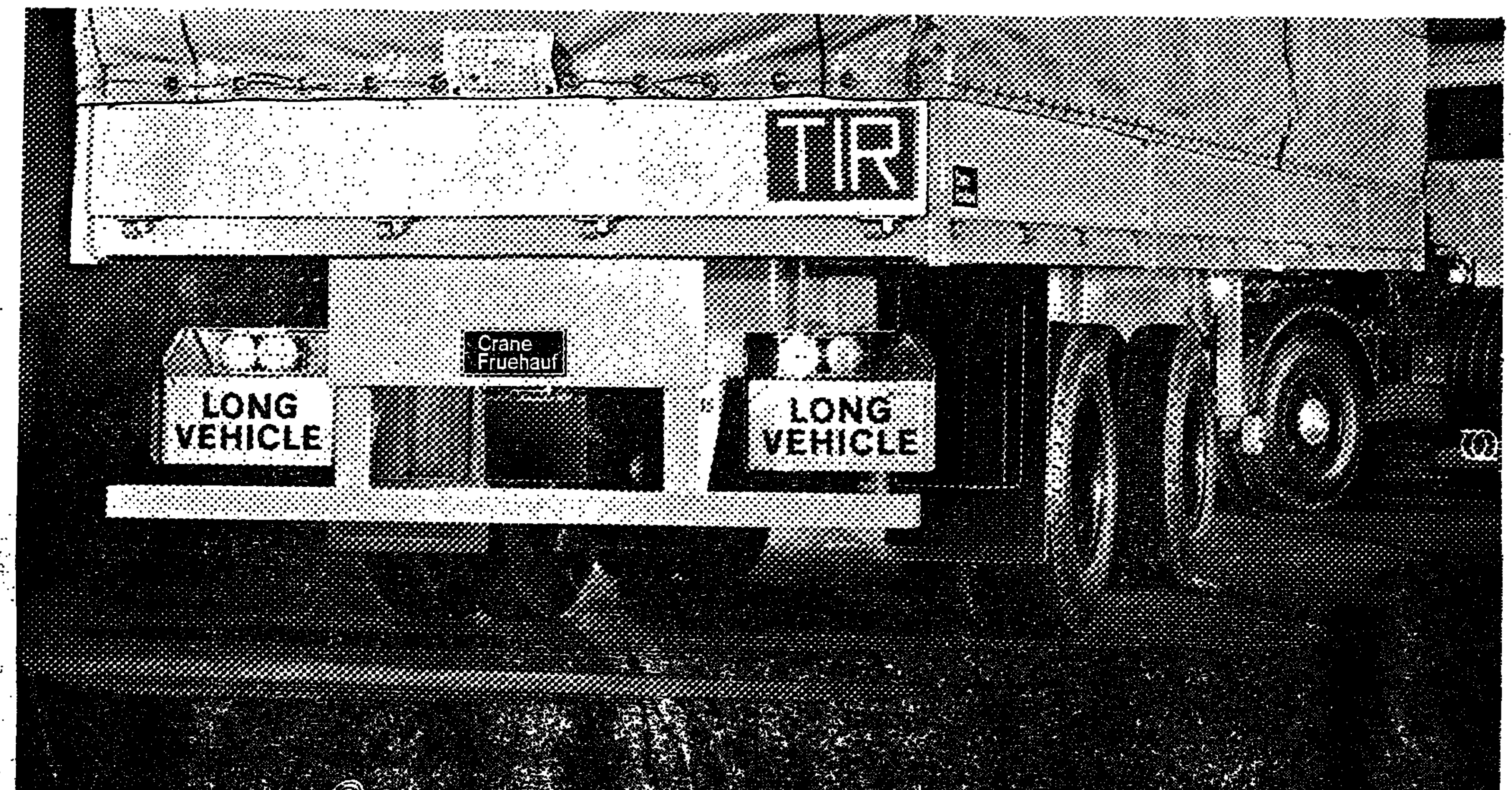
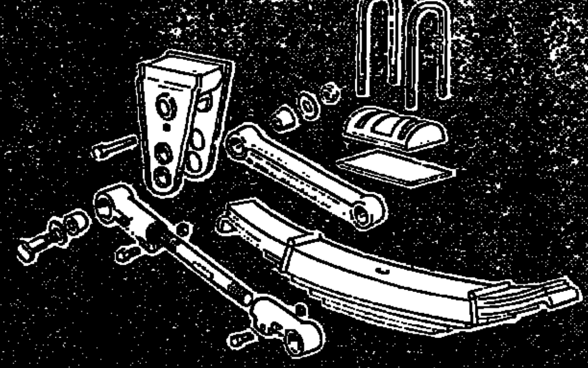




Manufacturers hit by decline in exports

BRITAIN'S TRAILER manufacturers are now facing up to the reality that export markets this year are unlikely to provide the previously welcomed alternative to depressed demand at home, although some believe that progress can be made in new overseas areas.

Until last year, the industry had seen a steady growth in exports, stimulated by increasing demand from the oil producing countries which were building up their transport industries, both for oil development and general infrastructure.

Exporters also made considerable inroads into the European market, despite standardisation problems and many companies strengthened their physical presence in EEC countries in anticipation of sustained growth, but present indications are less than favourable.

According to Department of Trade figures, exports of all trailers and transport containers in the first 10 months of last year amounted to 43,941 units valued at £76.7m, while exports of trailers and semi-trailers for transporting goods amounted to 14,065 valued at £29m during the same period. Of these, 6,614 units valued at £12.3m, went to European Community countries—by far the largest share by area.

It is now recognised by most exporters that the Middle East market will not grow at the same pace as previously experienced, due largely to the fact that many countries have now established their transport fleets and are becoming far more proficient at servicing and maintenance, increasing the demand for parts and ending the wasteful practice of buying new vehicles to replace unserviceable ones.

However, some countries such as Saudi Arabia are concerned at the damage being caused to new roads by large vehicles and it is possible that a replacement market will be created as a result of the need for smaller vehicles. Overall, though, buying is well down after a good two to three year period.

Iran and Turkey are two countries which have virtually dropped out of the picture as a result of their domestic problems, while Nigeria has also adopted an extremely cautious policy towards all imports.

Due to a slowdown in capital projects there, demand for heavy transport has been considerably reduced and there are fears that import licensing could be applied to transport equipment.

Crane Freuhauf, which experienced fairly steady overseas demand last year, foresees little growth in 1979, but launched an export programme at the start of the year aimed at evaluating new areas and at least holding exports steady, although recognising that this will be a hard task.

The company is looking more closely at new markets in Africa and has even had some initial contacts with China, but like other trailer companies this is seen as having something of an outside chance in the market stakes. Despite Chinese interest in transport development, the distance must give Far Eastern suppliers the competitive edge.

This distance penalty applies to selling in other areas and now even extends to Europe, where York Trailers, another of the major British manufacturers, reckons that it is faced with an additional eight to 10 per cent on cost due to delivery charges. Crane has the advantage here of having Europe covered by its affiliate companies, although demand in France, Germany and Holland were described as particularly slack.

Harmonisation pressures have also caused some concern among British companies, but the smaller manufacturers are most seriously affected. As Crane points out, it is not much of a risk for one of the large producers to design and build a new type of vehicle to meet new requirements, while the capital commitment for a small concern may be too large to contemplate.

Moreover, the fact that the important parts of trailers such as axles and control gear are easily applied to manufacture in countries near or in the major markets, also gives the large companies the advantage of being able to use their resources to do so.

On the other hand, the risks are also considerable, and are well illustrated by Crane's involvement in Iran.

Its activities in Iran have been slowed down as a result of the domestic upheavals, but the company is optimistic on the grounds that whatever happens politically, there will be a need for heavy transport and it is there to provide trailers whenever necessary.

York Trailers has experienced a similarly low ebb in European demand and is looking further abroad to countries such as India, where it foresees a possibility of component sales, and Kenya, which has proved to be a fairly strong buyer in the past 12 months

The structure of the British industry has in the past been of considerable assistance in winning export orders, but the advantage of lower wage rates than elsewhere has now been eroded somewhat and the small West German companies are providing very tough competition abroad. The French industry, which is dominated by larger companies such as Freuhauf and Trailor, have also made inroads into the British domestic market.

In West Germany there is continuing pressure on the smaller companies which are being hit by the trend towards larger corporate units which are increasingly necessary for assembly in foreign countries, which is not only the aim of many manufacturers, but the goal of some buyer countries.

Problems

However, the problems of selling in developing countries are difficult enough and most companies are extremely wary of commiting themselves to heavy investment in countries where production problems are almost certain to be tough.

Crane Freuhauf and York Trailers continue to dominate the British export effort, between them accounting for around two-thirds of sales abroad, but the fact that Crane Freuhauf is American owned and part of a European production network means that its export policy is more flexible than other manufacturers.

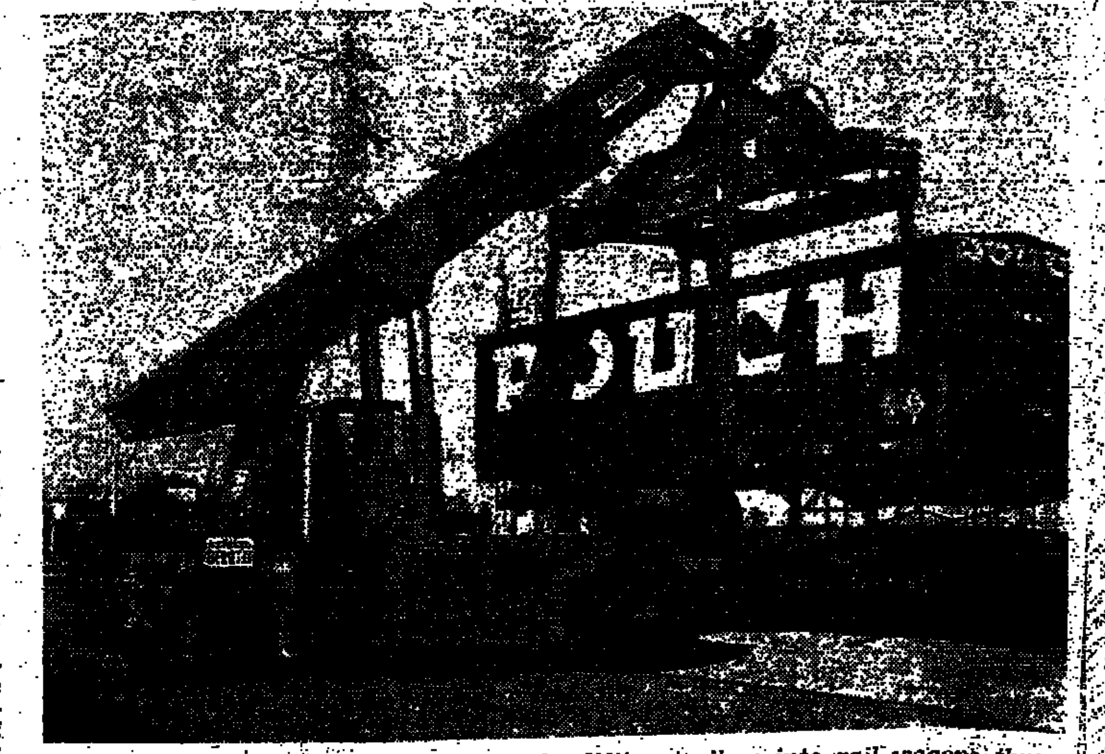
This is likely to give the company added ability to establish specialised production points and increase the flow of two-way trade. Trailor, in which Pullman has a major stake, is also in a position to exploit the British market, which has traditionally been one of the strongest in Europe.

York Trailers, always a strongly export-orientated company, is also fulfilling its ambitions to become more prominent in Europe by exporting parts to its Dutch assembly facility where they are built into a range of trailers.

The arguments remain unresolved about the long-term benefits of the Freuhauf takeover of Crane, or of any possibly detrimental results, but it is clear that the move is in tune with the overall rationalisation in Europe which is now in full swing.

Lorne Barling

International hauliers of ships' stores, Harding Bros. (S.C.) Ltd., of Avonmouth, has taken delivery of the first of two big Bonallack Coldsaver fridge vans to be fitted with tri-axle suspension for a UK customer



This new Belotti-type machine is used for lifting trailers into rail wagons, thus offering greater flexibility than an ordinary gantry crane. Almost every European country (with Britain as a notable exception) makes provision for the 'kangaroo' system of carrying TIR trailers on special rail wagons

Keen interest in 'kangaroo' concept

THERE HAS been a continuous growth in road freight traffic between the United Kingdom and Europe since well before Britain became a member of the EEC.

Common Market membership has given the traffic growth curve a pronounced upswing. The attractions of road haulage are well established: goods move from door-to-door with minimum disturbances—even from customs authorities, for whom the TIR system of trailer sealing was designed.

British TIR hauliers run regularly into Europe, the specially-designed canvas-topped trailers being hauled either by the company's own tractor (and driver) or, under a mutual arrangement, by a Continental haulier.

Restrictions

In the past six or seven years however, the pattern of UK-Europe road freight movements has come under a number of influences — mainly legislative — which have tended to blur the distinction between road and rail freight operations. Restrictions have been placed on the number of goods vehicles (including UK-based TIR trailers, however hauled) which are allowed to cross EEC frontiers.

France, in particular, has imposed a strict quota on the number of permits issued to UK truck operators wanting to use French roads, regardless of the vehicles' ultimate destinations. For 1979 the annual French permit quota has been increased, but only by around six per cent, to 43,500.

However, British hauliers unable to get sufficient permits for their needs, now have an alternative means of getting trailers across France—sending them by rail. Almost every European country, with Britain as a notable exception, makes provision for carrying TIR trailers on special rail wagons. The term "kangaroo" is used to describe the concept, which involves backing each purpose-built trailer over the end of the rail wagon, down into a "well," enabling maximum use to be made of the height available. The higher-capacity kangaroo trailers have characteristic sloping—or ridged—rooflines to conform with continental tunnel and bridge height restrictions.

Kangaroo operations are managed in each country, not by the railways, but by independently-operated concerns in which the national hauliers' organisations have an interest—financial as well as operational. The French company, Novatrans, has a London office, through which UK hauliers book their kangaroo train spaces.

According to Novatrans' UK director, Philip Bazenet, a number of British hauliers who began using the French kangaroo service because of permit allocation problems have now discovered other attractions which, he says, should keep their future business, regardless of the permit position.

In broad terms the cost of Novatrans' kangaroo service is now on a par with a wholly road-hauled operation, claims Mr. Bazenet. Some of the financial attraction of the service has been eroded by the drop in the value of sterling, but for lightly-loaded trailers especially the railborne rates remain competitive. Surprisingly, perhaps, the rates are geared to trailer weight rather than say the train space occupied.

To send a fully-laden (20 tonne payload) kangaroo trailer from Dunkirk to Milan costs about £300. But if the trailer is quite empty, the rate falls by around 35 per cent. In fact, Novatrans endeavours to discourage empty movements, which might prevent laden trailers getting train space. So the cheapest rates are for trailers lightly laden. One with a 1,500 kg payload can be moved from Dunkirk to Milan for only around £190.

In six years the number of UK-registered kangaroo trailers (which are purpose-built for carriage by rail) has grown from 50-odd to about 400. More than 40 per cent of the total are hired from Trailerpool Ltd., of Maldon, Essex, a company which has deliberately set out to satisfy what it saw as a growing need for TIR trailers which met kangaroo specifications.

Most of the trailers in the Trailerpool fleet are French-built Trailor units, but a Trailerpool associate company, A1 International Motor Engineering Ltd., has now developed what is claimed to be an improved kangaroo trailer—lighter in weight and with more cubic loadspace.

At a number of French terminals, ISO container handling equipment—notably high-capacity side-loaders and straddle cranes—are being used increasingly to load kangaroo trains. Part of the trailer specification includes the provision of lifting pads below the raves (two on each side). Mr. Bazenet said that French Railways now charged less for such "bodily lift" loading (or unloading) than for a tug-and-ramp operation—typically 32 francs instead of 43 francs.

There are Novatrans trailer-loading rail terminals at Dunkirk, served by Felixstowe, Harwich and Dover ferry services; Le Havre, served from Portsmouth and Southampton; and Cherbourg, which now takes a fast-growing volume of ferry traffic from the Poole-based Truckline Ferries shipping line, as well as from Southampton.

Growth

Monthly trailer movements handled by Novatrans have grown from about 400 in 1974 to more than 800 today. There was a set-back in October through the French rail and shipping strike, but the company hopes and expects the monthly total to grow to 1,000 trailer movements during 1979.

For UK-Italy traffic, Novatrans faces a certain amount of competition from its German and Swiss counterparts, Kombiverkehr and Hupac, who operate through-services from Dutch and Belgian ports, the trains being routed away from France.

Transit times are little different, but Novatrans claims to offer a more attractive and convenient service, not least because of the differences in rates structure. Kombiverkehr, for instance, quotes only an empty and a laden rate, so that movement of a partially-loaded trailer tends to be penalised.

Alan Bunting

Designs

CONTINUED FROM PREVIOUS PAGE

attempted to couple their power units with the trailer at an angle often bent the legs easily or ripped them away completely from the main structure. Lashing rings for securing the container vehicle on board ferries were often weak.

Fully laden containers were often unable to have their rear doors closed completely. In other cases doors would open when laden but could not be closed when the vehicle was full.

Carrymaster, trailer manufacturers of Carcroft, near Doncaster, is one company which has attempted to combine the best features of the lightweight monocoque structures with a miniature beam structure to provide a rigid base structure.

Unlike the original full-beam structure of the flat trailer design, which used up to 160 cubic feet of internal freight space inside the container, the solution adopted by Carrymaster provides for the structural beams to run the length of the container, including through the landing legs. These then have maximum full load support and provide a firm mounting for lashing rings.

The completed design combined the near rigid base with the monocoque container to produce a trailer with the same height as a simple box structure, but without the weight penalty associated with the earlier flat, heavy trailer bases.

Production models of the trailer have been running for 14 months. Some have completed 80,000 miles of international road haulage and so far there have been no structural problems.

The need to minimise the final weight of the container trailer has had an important bearing on the choice of material for the side panels of trailer units.

Steel or aluminium was often the first choice of early models. Aluminium is still relatively cheap as a side panel material, but the advances in laminated structures have placed aluminium firmly in second place on the shop floors of most container trailer makers.

A 40 ft container trailer, with aluminium side panels and roof, is approximately £350 cheaper than an equivalent trailer designed with laminated panels of plywood, clad with white glass fibre.

The laminated structure has a higher resistance to damage from impacts, either from moving cargoes inside the unit or from stones thrown up from the road. The material also requires less labour for assembly on the trailer production line than aluminium.

There are, however, two disadvantages for the container trailer operator. Laminated structures are more difficult to repair in the event of impact damage and it is often difficult to secure loads inside a laminated box.

Damaged panels usually have to be replaced completely and this is done most easily on those container trailers which are sufficiently strong to be free-standing.

One other type of trailer which is certainly strong enough to be freestanding is the low-level trailer used for transporting heavy construction equipment.

These are often viewed as simply wheeled platforms, but novel design is possible, as Craven Tasker, trailer makers of Burton on Trent and Andover, demonstrated with its 25-ton capacity Tasklift. This trailer won a Design Council Award in 1976 for the design of a hydraulically operated mechanism for lowering the front of the unit.

Hydraulic power is used to pivot a front section of the trailer around a king pin before the section is lowered to the ground for rapid loading of plant.

A 35-ton mechanical excavator can be loaded in seven minutes using the Tasklift and the same techniques may be applied to low-loading trailers with capacities of up to 100 tons.

Developments in other types of trailer include the use of modular sections for building up multi-axle transporters. These vehicles are built with capacities ranging from 75 tons to 1,200 tons, based on modules of 100 tons. The trailers have a self-levelling hydraulic suspension and each module may be used as a self-container trailer.

The suspension system as developed by Craven Tasker has advantages when moving very large and bulky loads for site assembly. These include chemical reaction vessels and may be delivered to a site and raised to the level of ground supports before a trailer is lowered and pulled away.

Many British trailer manufacturers are confident that they could introduce many more basic improvements to their designs to make the completed trailer and power unit more acceptable in society.

Foden and Rolls-Royce have shown that it is possible to cut down the noise from power units with some success.

Similar noise reductions are possible on the trailer itself, which is often notorious as the source of clunks and metallic rattles, particularly in the suspension.

These noises could readily be cut out and vibration and even side spray reduced if the road haulage industry was prepared to spend a further 10 per cent on trailers, comments Mr. Leonard Fuller, director and manager of Craven Tasker at Andover. But few manufacturers were prepared to undertake the work unless compelled by Government legislation.

Lynton McLain

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

ACCOUNTANCY

The finance houses' dilemma

Deferred taxation has provoked much controversy. When accountants decided that companies should provide for corporation tax at the full statutory rate opponents argued that deferred tax liabilities were building up which would never become payable because of capital allowances and stock relief. So accountants then decided that only taxes likely to be payable in the foreseeable future need be provided for. By the end of this year all major companies are likely to have adopted this policy. However, the question mark hangs over leasing companies, most of which are subsidiaries of major clearing banks. Roger Chadder, a partner in Peat Marwick Mitchell—joint auditors of National Westminster Bank—discusses arguments for and against deferment.

LEASING COMPANIES are faced with special problems under the changed approach to deferred tax brought about by SSAP 15. Left to themselves almost all leasing companies would follow the firm recommendation of the Equipment Leasing Association to its members that full provision should be made for deferred tax. However the clearing banks, whose leasing subsidiaries are among the principal members of the association, see obvious attractions in taking advantage of SSAP 15 to improve their apparent free capital ratios by a one-time release of deferred tax provisions on leasing business.

The amounts at issue are substantial. In 1977 members of the Equipment Leasing Association increased their new business transacted by 60 per cent to £675m; in 1978 the total is expected to have reached £1bn. It is believed that the clearing banks, through their subsidiaries, account for over half of this total and their deferred tax provisions amount to many hundreds of millions of pounds.

This boom in leasing largely stems from the generous tax allowances granted for capital expenditure. It is well known that the manufacturing sector of industry is paying little mainstream corporation tax because of such allowances and stock relief and, accordingly, direct capital expenditure often attracts no immediate tax relief. Leasing provides an opportunity for the major banks to mitigate the substantial tax liabilities which arise since they do not themselves enjoy any relief against the ravages of inflation on their working capital. By investing in equipment for leasing to industry, the leasing companies are able to realise the benefit of the capital allowances which are of no value to industry once their mainstream tax liability has been eliminated. This benefit is obtained through a reduction in the immediate tax liabilities of the leasing companies themselves, or their parent banks, and it is passed on to industry in the form of a rental charge, which makes leasing generally attractive compared with alternative forms of finance. In this way the investment incentive, which was the purpose of the generous capital allowances when introduced, is made more effective than would otherwise be the case.

Although there is a reduction in immediate tax liabilities of the leasing company this is purely a matter of timing because the tax saved now will be payable if and when the asset is realised through rental income or sale; however this tax may again be deferred by capital allowances on further investment in equipment and so the deferral may continue indefinitely. Nevertheless, hitherto it has been normal practice to make full provision for deferred tax on these timing differences.

The Accounting Standards Committee has recently published an accounting standard on deferred taxation, SSAP 15. This standard is intended to require all businesses to consider whether the provisions which have generally been established in the past for taxation deferred into the future by the accelerated capital investment allowances and reliefs are really necessary. The standard states that provision should be made for all tax deferred by "timing differences" unless *certain conditions* are satisfied. These conditions, in the case of a normal business, will generally be met if it can be demonstrated with reasonable probability that the timing differences will continue for some considerable period (at least three years) ahead and that there is no indication that thereafter the situation will change so as to crystallise the liabilities.

The standard draws no distinction between different types of business—all are expected to make the relevant forecasts. So far as the timing differences relating to expenditure on plant by manufacturing industry are concerned SSAP 15 broadly means that plans for capital expenditure qualifying for immediate tax relief for three to five years ahead require to be compared with the depreciation which will be charged against profits over the same period. If qualifying expenditure is reasonably expected to exceed depreciation throughout this period, and there is no reason to suppose that the situation will change thereafter, the deferred tax provision related to such timing differences can be eliminated by a credit to shareholders' funds. In the case of manufacturing industry it is often possible to make such predictions with a reasonable degree of confidence.

In the case of leasing companies however, and indirectly for parent banks which consolidate their results, such a forecasting process is more hazardous and moreover a given degree of forecasting error will have a much more material effect on earnings after taxation.

Why should such forecasting in a leasing company be particularly hazardous? Fundamentally this is because the expenditure on assets for leasing represents in effect the company's turnover rather than true capital expenditure. The primary spending decision in relation to leased equipment is that of the manufacturer investing in plant—the volume of leasing business is a secondary effect from the aggregate of many such decisions. Apart from the basic capital spending decisions themselves, the business transacted by a leasing company will also reflect the decisions on how such expenditure should be financed by business enterprises which will have regard, inter alia, to their own capacity for using tax allowances and alternative forms of finance available. A forecast of turnover is an important component in a profit forecast; the accounting profession has cautioned its members against being associated with profit forecasts extending for more than 12 months beyond the end of the current accounting period. One might expect similar caution to apply to forecasts of business to be done by leasing companies.

In the technical release accompanying SSAP 15 the Accounting Standards Committee made the point that "forecasts of capital expenditure are different in kind from forecasts of profits" and stated that in the former case only it is often possible to look beyond one year. A forecast of expenditure by a finance leasing company should not, however, be regarded as a forecast of capital expenditure simply because the equipment has the quality of a capital asset in the hands of the lessee.

Another hazard to which leasing companies are particularly exposed is the risk of a change in investment incentives. As previously indicated, leasing is riding a boom based partly on the effect of the current tax incentives. Over the past 15 years the type and extent of incentives have changed several times and although there has now been a six-year period of relative stability, the introduction of an alternative or additional incentive could have a dramatic effect on the demand for leasing finance. Indeed Mr. Joel Barnett, Chief Secretary to the Treasury, is reported as having indicated recently that an agreed inflation accounting standard may affect existing tax allowances; it might even be that any such change would tend to shift the benefit of allowances from leasing company to user. Also, the effect on leasing companies would be likely to be outside their control to a greater extent than in the case of the manufacturer taking the primary spending and financing decision.

Why is a given degree of forecasting error likely to have a more material effect on the earnings of a leasing company than in the case of a manufacturer? The depreciation charge in a leasing company is a much more significant component of total costs than for a manufacturer. In fact the depreciation charge is generally a multiple of pre-tax profit whereas for a manufacturer it is generally only a small fraction of such profit. The example illustrated compares the cases of typical manufacturing and leasing companies assuming that deferred taxation had been released following SSAP 15 and that a 20 per cent over-estimate in the forecast of expenditure on qualifying plant had occurred in the year in question. The further assumption is made that in each case the forecast expenditure was just sufficient for the allowances on new plant to match the depreciation of the old plant.

	MANUFACTURING COMPANY Forecast	Actual	LEASING COMPANY Forecast	Actual
TAX CALCULATION				
Pre-tax profit	100	100	100	100
Depreciation	20	20	400	400
	120	120	500	500
Capital allowances	20	16	400	320
Taxable profit	100	104	100	180
PROFIT AND LOSS ACCOUNT				
Pre-tax profit	100	100	100	100
Tax (at 50%)	50	52	50	90
Profit after tax	50	48	50	10
% decrease in profit after tax		4%		80%

It will be appreciated that there is nothing to prevent a pre-tax profit from being converted into a loss after tax. Indeed in practice the effect on earnings of an error of this nature would probably be greater still since it would call in question the basis upon which the decision not to provide for deferred taxation on the remaining timing differences had been made. Thus, depending on the cause of the forecasting error, it might be considered necessary to provide for the anticipated reversal of timing differences in future years in addition to that relating to the current year and such provision would have to be made out of current earnings. Should available reserves have been depleted by distribution or capitalisation the consequences for the business would be serious.

It will be seen from the points made above that the tax situation of leasing companies is especially vulnerable to shifts in the business investment climate. A downturn in business could have a disproportionate effect on the tax charge for the year unless deferred tax is provided in full. It is this eventuality, and the potential size of its impact on the profits of future years, that the leasing companies and the banks must consider in determining their approach to the question. In all the circumstances it would appear perhaps inappropriate and generally unwise for leasing companies to release deferred tax provisions.

Entrepreneurs take a fresh look at the German stock market

BY DARRELL DELAMAIDE

RAISING DM 4.8m. or little over $2m. on the stock market is hardly an event to capture international headlines, especially when the company involved has a tongue-twisting name and is located in a small town in Germany. But last month's rights issue from Mechanische Seidenweberei Viersen AG, a textile manufacturer, has been closely watched by connoisseurs of the German stock market for two reasons.

First, the manufacturer of velvet and velours for home furnishings and upmarket outerwear has long since earned a reputation as a "textile pearl," but its above average performance in a sector showing overall signs of improvement makes it especially promising for an investor. One investment newsletter after another has recommended the little company, which is based in Viersen, a town near the Dutch border, and had sales last year of about $33m.

That is the second reason for the attention being paid to MSV. The German stock market generally is a dreary affair dominated by huge companies which usually seem to move in step. Noticeably absent are the bright, innovative growth firms with which a shrewd investor can double his money.

The very presence of MSV on the stock exchange hints at a rethinking process among German entrepreneurs. They have never fully accepted the stock market as a source of new capital. A conservative disposition prefers financing through retained earnings (Henkel, the chemicals group, is a prime example here). Entrepreneurs also are anxious to retain management control and resent the publicity requirements of a stock exchange listing.

That this attitude is still very much alive was clear from two well-publicised cases in 1978. When the German supreme court upheld the Federal Cartel Office's disallowance of the acquisition of clutch maker Sachs AG by Guest Keen Nettlefold, the British firm disposed of the 25 per cent share it had acquired in anticipation of a majority shareholding. Instead, though, of placing the shares with the public (a move encouraged by recent German legislation), GKN sold the packet *in toto* to Commerzbank, to the declared satisfaction of GKN, Commerzbank, and Gunther Sachs, who controls the remaining shares.

Later in the autumn, Heinz Nixdorf was seeking fresh capital to fuel further expansion of his highly successful computer firm. When talks with Volkswagen foundered—over the question of management control—Nixdorf turned, not to the stock exchange, but to Deutsche Bank and sold it a 25 per cent share.

In both these cases, the banks, which were already under public pressure because of their industrial holdings, made vague utterances about eventually placing the shares with the public. But neither the banks nor their partners—in this case Sachs and Nixdorf—seem too anxious about sharing their enterprises with the public. The Sachs shares—and then only 10 or 15 per cent—are not expected on the bourse much before 1983, and the Nixdorf shares—if Heinz doesn't buy them back—not before 1981.

The much less publicised case of MSV shows another way of looking at things. The well-established textile firm was under the control of two families, Stocken and Kreuzer, but needed fresh funds to continue expansion. Guido Kreuzer, still a member of the three-man management board, recalls a decision being made that the company's growth should not be hindered by the families' lack of new funds.

At first outside shareholders were added, diluting the families' control but leaving them a majority. Then, in 1973, not a particularly favourable year, MSV shares were listed on the Dusseldorf stock exchange. MSV announced a loss and passed the dividend; in 1974 the Dusseldorf banking firm Trinkaus and Burkhardt bought out the family interest and acquired a total 75 per cent share of MSV.

Trinkaus said from the beginning that it did not intend to keep the holding forever and the private bank needed some capital support itself following the Herstatt collapse in 1974 (Citibank bought a 51 per cent share in Trinkaus). But it was only last October, in view of the strong stock market situation, that Trinkaus finally took the step of placing its shareholding with private investors. MSV became for the first time a relatively widely held company without a major shareholder—a rarity in Germany, especially for a company this size. The share price shot up 15 per cent within days.

One leading investment letter is tipping a further 60 per cent gain over the next year on the basis of the ex-rights price (about DM 220, compared with a 1978 high of DM 240). The rights issue itself, on offer between December 6 and 20, was fully subscribed.

Guido Kreuzer has no bad memories from the association with Trinkaus but he does point out that management has a freer hand when shares are widely held than when there is a big shareholder—be it a bank or a family or a parent company. This should raise second thoughts for those industrialists who see outside capital as a choice between the devil (a bank) and the deep blue sea (private investors), and generally opt for the devil.

Equally arresting is Kreuzer's conception of spreading the risk. An entrepreneur who already runs a considerable professional risk in managing his own company, reasons Kreuzer, does well to reduce his financial risk in the same company. A newly awakened desire to cash in at least part of their investment in order to diversify their assets seems to be a major consideration in the rethinking going on among German entrepreneurial families.

No one is forecasting a new wave of public companies nor an immediate rejuvenation of the German stock market. But MSV's successful stock market performance, like that of popular new listings Leffers (clothing store chain) and Herlitz (school and office supplies), is chipping away at the traditional block seeking capital over the stock market.

COMPANY NOTICES

DIVIDEND NOTICE

To the holders of European Depositary receipts for Common Stock of

TOSHIBA CORPORATION

(FORMERLY TOKYO SHIBAURI ELECTRIC CO. LTD.)

DESIGNATED COUPON No. 32

(Action Required on or Prior to 30th April, 1978)

Chemical Bank, as Depositary (the "Depositary") under the Deposit Agreement dated as of February 15th, 1970, among Toshiba Corporation (formerly Tokyo Shibaura Electric Co., Ltd.) (hereafter known as the "Company"), the Depositary and the holders of European Depositary Depositary Receipts (the "Receipts") issued thereunder in respect of shares of Common Stock, par value 50 Yen per share, of the Company (the "Common Stock"), HEREBY GIVES NOTICE that at the general meeting of stockholders of the Company held in Tokyo, Japan, on 30th June, 1978, such stockholders approved the payment of a dividend of 2.5 Yen per share of Common Stock.*

The Dividend on the shares of Common Stock of record on Deposit with the Custodian under such Deposit Agreement, less a portion thereof withheld by the Company on account of Japanese taxes, has been received by the Custodian, as agent for the Depositary, and pursuant to the provisions of such Deposit Agreement, has been converted into United States Dollars at the rate of 231.361 Yen per United States Dollar.

The Depositary has been advised by the Company that Japan is a party to international agreements with Australia, Belgium, Canada, Denmark, France, the Federal Republic of Germany, Malaya, New Zealand, Norway, Singapore, Sweden, Switzerland, the United Arab Republic, the United Kingdom and the United States of America under which certain persons are entitled to a 15% tax withholding rate on dividends such as the dividend in question. The persons so entitled include residents of such countries and companies organised thereunder meeting certain conditions relating to the carrying on of trade or business in Japan. Persons not so entitled to a 15% tax withholding will be paid a dividend on which a 20% tax withholding rate has been applied.**

To determine entitlement to the lesser tax withholding rate of 15% it is necessary that the surrender of Coupon No. 32 be accompanied by a properly completed and signed certificate (copies of the form of which are obtainable at the office of the Depositary in London or any Depositary Agent) as to the residency and trade or business activities in Japan (if applicable) of the holder of Coupon No. 32. Such certificates may be forwarded by the Depositary to the Company upon its request.

Payment in United States Dollars of the amount of the dividend payable will be made at the office of the Depositary in London or at the office of any Depositary's Agent listed below.

DEPOSITARY'S AGENTS

Name	Address
Chemical Bank	Frankfurt, Germany.
The Bank of Tokyo, Ltd.,	London, England.
The Bank of Tokyo, Ltd.,	Paris, France.
The Bank of Tokyo, Ltd.,	Brussels, Belgium.
The Bank of Tokyo, Ltd.,	Frankfurt, Germany.
Pierson, Heldring & Pierson,	Amsterdam, The Netherlands.
Banca Nazionale del Lavoro,	Rome, Italy.
Banca Nazionale del Lavoro,	Milan, Italy.
Kredietbank S.A. Luxembourgeoise,	Luxembourg.

The following table sets forth the amounts payable upon presentation of Coupon No. 32 from the various denominations of Receipts.

Coupon No. 32 detached from Receipts in the denomination of:	Dividend payable (less 15% Japanese withholding tax)	Dividend payable (less 20% Japanese withholding tax)
1 Depositary Share	$0.54	$0.51
10 " Shares	$5.40	$5.09
50 " "	$27.01	$25.43
100 " "	$54.03	$50.85
1,000 " "	$540.28	$508.50

Payments in United States Dollars in respect of Coupon No. 32 will be made by United States Dollar check drawn on, or transfer to a United States Dollar account maintained by the payee with, a bank in New York City.

Dated: 17th January, 1979.

CHEMICAL BANK, as Depositary
180 Strand,
London, WC2, ENGLAND.

* 30th September, 1978, has been established as the record date for the determination of the stockholders of the Company entitled to such dividend. All receipts issued in respect of Common Stock not entitled to share in such dividend will be without Coupon No. 32 attached.

** Certain holders of Receipts may be entitled upon the fulfilment of certain conditions to reductions in the withholding tax rate applicable to them. The Depositary will, if in its discretion not unduly burdensome and upon payment of all expenses incurred in connection therewith, take such action as it deems appropriate in the circumstances to assist such holders in availing themselves of such reductions.

Because of Japanese tax requirements applicable to the Company, the Custodian has been asked to remit to the Company, shortly after 3[illegible] April, 1978, the excess received by the Custodian over 80% of the dividend payable and allocable to unsurrendered Coupons No. 32.

As a result, persons surrendering Coupon No. 32 after such date will be entitled to receive from the Depositary or any Depositary's Agent a dividend on which a 20% tax withholding rate has been applied and, if entitled to a 15% tax withholding, will be required (in order to realise such entitlement) to make application to the Company for an additional 5%. Such application may, consistently with the foregoing paragraph, be made through the Depositary.

CEM—C.E.A. AGREEMENT ON DESALINATION

CEM — Cie Electro-Mécanique, and CEA, Atomic Energy Commission, recently signed an agreement by which C.E.A. takes a share in the capital of SIDEM, Société Internationale de Dessalement, a subsidiary totally controlled by CEM. SIDEM's capital is now owned 70 per cent by CEM and 30 per cent by C.E.A.

CIDEM is one of the first worldwide desalination companies. It has supplied a large number of plants, mainly in the Middle East. The total output of the plants ordered to SIDEM exceeds 350,000 cu.m./day of fresh water.

For several years C.E.A. carried out studies on desalination processes and for this purpose maintains experimental facilities and specialised teams.

The main purpose of this agreement is to associate the research and development potentials of SIDEM and C.E.A. with a view to strengthening the French position in the technique of desalination.

REPUBLIC OF ICELAND

9¼% 1976/1983 UA 15,000,000

Bonds for the amount of UA 625,000 have been drawn on January 3, 1979 in the presence of a Notary Public for redemption on February 20, 1979.

The following Bonds will be reimbursed coupon due February 20, 1980 attached:

4141 to 4765 incl.

Amount unamortised: UA 14,375,000.

Luxembourg, January 17, 1979.

The Fiscal Agent,
KREDIETBANK
S.A. Luxembourgeoise

60,000,000 EUROPEAN COMPOSITE UNITS
EUROPEAN INVESTMENT BANK
8% Bonds of 1974, due 1989

Notice is hereby given that the amount to become due against coupons No. 5 dated 18th January 1979 for the above bonds in DM208.2304 per coupon or, in the case of coupons in respect of which valid selection of another currency of payment has been made $US111.7982 per coupon.

EUROPEAN INVESTMENT BANK

R. PATERSON AND SONS LTD.

NOTICE IS HEREBY GIVEN that the Ordinary Share Transfer Books of the Company will be closed from 26th January to 9th February, 1979, both dates inclusive, for the payment of the interim Dividend in respect of the period to 31st March, 1979.

By Order of the Board.
W. M. ADAMSON,
Secretary.

CASSIAR ASBESTOS CORPORATION LIMITED

DIVIDEND No. 72

NOTICE IS HEREBY GIVEN that a dividend of ten cents (10c) plus an extra dividend of 15 cents (15c) has been declared payable in Canadian funds on 29th January 1979 to shareholders of record at the close of business on 15th January 1979.

By Order of the Board.
A. T. KANA,
Vice-President, Finance and Administration.

15th December 1978.

APPEALS

ANCIENT MARINERS, now sending out distress signals, are cared for by us. Please acknowledge with a gift to: General Secretary, D. J. Lafferty, M.B.E., J.P., Royal Alfred Seafarers Society, "Weston Acres," Woodmansterne Lane, Banstead, Surrey, SM7 3HB

LOMBARD

A go-slow by Ministers

BY COLIN JONES

THE GOVERNMENT appears to have assumed that it did enough to defuse the performance of the nationalised industries as an election issue once it had instructed the State Boards to raise their prices to economic levels after the disastrous years of enforced restraint under the Heath Administration and then brought out last year's White Paper in which it undertook to put Ministerial relations with the Boards on a more regular footing. For, while it would be untrue to say that nothing has been done to implement the undertakings in the White Paper, much of the drive seems to have gone.

Take financial targets for a start. These may not be the only way of assessing performance in the nationalised sector, especially in the case of boards possessing substantial market power. But they are a central feature of the guidelines the board are entitled to expect from Ministers and they are essential for medium-term planning.

Last April, when the White Paper was published, financial targets of one sort or another had been set for only seven of the 18 nationalised industries; and the process of setting the remainder, we were told, would be completed as soon as possible.

Since then, only two more targets have appeared — for the British Gas Corporation and the electricity supply industry in England and Wales (plus a separate target for British Rail's newly formed shipping subsidiary). In other words, targets are still lacking for half the sector.

One year

Moreover, some of those which have been set—including the new gas and electricity targets—are for only one year instead of the normal three to five years. Both as a discipline for management and as a yardstick for everyone else, single year targets for profitable sectors add little more than a belt to the braces of the annual cash limit on each industry's external financing requirement. Cash limits are a short-term financial control whereas targets are meant to operate over the medium term.

It is not as if the debate over inflation accounting were holding things up. Targets can be based on existing accounting practices and then reformulated when current cost accounting standards are promulgated. In any case, the Gas Corporation's target overcomes this difficulty by specifying a percentage of turnover, rather than a rate of return on net assets, after charging full replacement cost depreciation—and, incidentally, after interest charges.

The pressure for restoring targets has come mainly from the Treasury and there is a good deal of evidence suggesting that certain Ministers — most notably Mr. Anthony Wedgewood Benn, the Energy Minister — have been dragging their feet. Whether this has anything to do with the fact that financial targets, besides acting as a challenge to management, also exert some restraint upon Ministers can only be guessed at.

Framework

The timing may seem less curious when one considers the level of the two targets — 6¾ per cent on turnover after interest in the case of gas and 10 per cent on average net assets before interest for electricity, in both cases after charging depreciation in accordance with the industry's current accounting practices. The Department of Energy's press notice blandly explained that these targets would mean that the two industry's prices in 1979-80 "should no more than maintain their present levels in real terms."

The targets are thus not only useless for their original purpose. They will also oblige the two industries to raise their prices sooner than they had intended (and so reduce their claims on the Exchequer) without Ministers appearing to be directly responsible.

One can understand why some of the other White Paper proposals have been held up. The idea of Ministers having power to issue specific directions is controversial and requires legislation.

But neither legislative nor administrative problems have inhibited Ministers from pushing for trade union board representation or from preparing a bill to give consumers more say. A case can be made for both; but bigger roles for employees and users will make it more than ever necessary to ensure that the industries operate in a disciplined financial and economic framework.

Beer on the hollyhocks—an old tale among country gardeners

GARDENS TODAY

BY ROBIN LANE FOX

SNOW AND frost have still not disposed of my unprotected myrtles, two bushes of a thing called fabiana, which is less handsome than its photograph and a rapid South American climber called stauntonia which is said to be a joy in the South of France. They have, however, disposed of my own gardening. Owning no heated greenhouse, I have returned to my plans of campaign for the coming year.

First, that awful mare's tail weed. I wrote recently of the reader who killed it off by stoical manuring—correction of the soil—and not by assault on the weed. He has been followed by another who claims that he sprays the young shoots every year with Verdone and has no trouble thereafter. The shoots go brown very quickly. As long as the wretched weed stays out of sight, it will do no harm in the garden.

You do not have to use Verdone, though I still buy it. Any strong hormone weed-killer which you use on a lawn would suffice. I take his word for it and am stocking up for a spray on May day. The idea puts paid to the possibility of strained mares' tail juice as a fertiliser—the Verdone would taint it. But it allows me to attack it in a new little patch of lawn which has come on well. I hate this weed as much as you all hate bindweed, so I am thankful for the tip.

It is time that I mentioned that well-loved weed-killer, the marigold. This is one for the cognoscenti, who are awfully smug about it. A fine New Zealand gardener recently heard me give forth on the subject of the weed-killer Monsanto Round-up and its powers on couch grass and said that she would stick to marigolds, thank you very much, as they were so much cheaper. Her friends smirked and nodded. I felt left out in the cold. But the botanical garden in Leiden, Holland looks very well on it. For the marigold, in certain wild forms, is an antidote to couch grass, mares tail and ground elder.

Sown among them, it drives them out in one season. They cannot stand it, its smell and, I imagine, what its root gives off in the soil. One season of these small marigolds, or Tagetes, is quite enough for me. Their colour and scent of stale tea do not go down well in my garden. But as a weed-expeller, there are those who swear by them. Cheap and easy, they are the gardener's trump card.

This is not, I fancy, an old wives' tale, like the powers of the caper spurge against moles. I have often been shown beds which are quite clear of creeping weeds and are ascribed solely to their crops of Tagetes. But this year, there is one problem. The most effective form is the little Mexican marigold, sold as Tagetes Minuta. Like the others, it is sown under glass, pricked out there and planted outdoors in June as a half-hardy bedding plant. But all the former sources of supply have dried up or dropped it. It is not even listed by our two biggest herb-farms.

There is Tagetes Signata galore, disguised under names like orange fandango, lemon drop and little fizzer. But of Mexican marigold, I find, this year, no trace. Applying to a devoted user, I received the expected reply: "too good to lose, old boy, so we have been saving our own seed for years." If anyone can offer it, I have many interested buyers, even before this description.

Failing the Mexican, the French Tagetes Patula is the next best sort. Thompson and Morgan's of Ipswich have this one in all sorts of colours, down to a deep red-centred thing called butterscotch. It is said to drive out ground-elder, slowly but surely. I can vouch for it against whitefly, especially on tomatoes. The sinister new hybrid grey-fly is no more fond of it. It is very easily grown.

What about beer and hollyhocks? This is an old chestnut among country gardeners. Those codifiers of much old garden lore, the Boland sisters, claim to know a man on a bus who forced his hollyhocks on beer to a height of eighteen and a half feet. I wonder, but the yeast is probably nutritious. As I have a border against a wall whose back row has to stand up to be seen, I suspect it is worth a try. If you escape frost, hollyhocks are such good value.

I never understand why grand gardeners ignore them and then complain that their back row of border-plants are all yellow in August and September. In a town garden, however small, a hollyhock or two would be one of the first choices. You need them up, though. There are various remedies for rust on sale, but I've yet to find a sound one. You just have to trust to luck that your plants will not be stripped of clean leaves.

Now is a good moment to be thinking ahead for the hollyhock family. From an early sowing, you can have plants of flowering size by late summer in some of the newer varieties. I find the smaller sorts most useful at a height of 2 or 3 ft; an invaluable new breed as they are brighter than the only comparable perennial, the mallow-like Sidalcea.

Hursts of Witham, in Essex, list the useful new silver puffs. This branches bushily and is well covered to a height of 3 ft or so with ruffled double silver-pink flowers. The dwarf majorette mixture gives you the full range of colours if you prefer it. These annual hollyhocks should be ordered and sown early, being treated as a half-hardy plant under glass until June in order to move them along. If you could pot up a few from an early sowing and stop them from being drawn up too high, you would have a useful summer border plant. Spared the need for marigolds and none too keen on beer, I look forward, at least, to a pleasant brush with these good new varieties this summer.

The Boland sisters claim to know a man who forced his hollyhocks above to a height of eighteen and a-half feet on beer.

Gifford saddles some good prospects at Plumpton

RACING

BY DOMINIC WIGAN

JOSH GIFFORD, who searches far and wide for the best possible opportunities for his runners, seems certain to add to his rapidly growing list of winners at Plumpton this afternoon.

The former champion jockey, whose 122 winners in 1966-67 set a record, saddles some well-fancied runners in several of the races on this popular Sussex course.

In the opener, the Cooksbridge Amateur Riders Chase, Gifford relies on that smart 10-year-old Mister Know All. Winner of similar events at Fontwell, Fakenham and Leicester last season this ex-Irish gelding has yet to produce his best this season, and although he could go close I rather doubt him proving good enough to concede over a stone to Mrs. Diane Oughton's younger Roi de Frontiere.

A better proposition from Gifford's now well established Findon stable is probably Grand Trianon, among the runners for the 2½ miles Pevensey Hurdle. The three-length conqueror of the heavily backed Ernel in a division of a weakly contested novice hurdle at Sandown early in November, Grand Trianon may have put up a better performance in defeat at Fontwell a month later. There the Gifford seven-year-old was not disgraced in failing to concede 7 lbs to Derek Kent's highly rated recruit, Menaly.

Although Grand Trianon has proved a little disappointing in his two subsequent runs, I believe that he has the ability to take advantage of the 17 lbs. he receives from course winner, Cold Justice. Indeed, a greater threat could well come from another previous winner here, Church Belle, who is among those with 10 stone at the foot of the handicap.

Half an hour after the Pevensey Grand Trianon's older stable mate, Beige Prince, will be carrying my money in the three miles Portslade Chase.

The Tote report good Schweppes Gold Trophy money for True Lad and they have cut his odds from 33-1 to 25-1. Another in good demand with them is Herbert Jones's ex-Prendergast recruit, Lengcon, a 50-1 chance from 66-1 for the Daily Express Triumph Hurdle.

PLUMPTON

1.00—Roi de Frontiere
1.30—Groovy
2.00—Grand Trianon*
2.30—Beige Prince**
3.00—Collier de Perles
3.30—Swance Prince***

TV/Radio

† Indicates programme in black and white

BBC 1

9.38 am For Schools, Colleges. 10.45 You And Me. 11.00 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Fingerbobs. 2.01 For Schools, Colleges. 3.00 Delia Smith's Cookery Course. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Touché Turtle. 4.40 Jackanory. 4.40 Take Hart. 5.00 John Craven's Newsround. 5.05 The Strange Affair of Adelaide Harris.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.45 Noel Edmonds Lucky Numbers.
7.35 Morecambe and Wise at the BBC.
8.05 The Aphrodite Inheritance.
9.00 Party Political Broadcast by the Conservative Party.
9.10 News.
9.35 The Fall and Rise of Reginald Perrin.
10.05 Sportsnight.
10.55 Tonight.
11.35 Weather/Regional News.

All Regions as BBC-1 except at the following times:—

Wales—2.18-2.38 pm Y Ysgolion. 5.05 Bilidowcar. 5.35-5.40 Crystal Tipps and Alistair. 5.55-6.20 Wales Today. 6.45 Heddiw. 7.05-7.35 Ar Y Brig. 11.35 News and Weather for Wales.

Scotland—11.00-11.20 am and 2.18-2.38 pm For Schools. 5.55-6.20 Reporting Scotland. 11.35 News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.35 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

10.20 am Gharbar.
10.45 Parosi.
11.00 Play School.
3.35 News on 2 Headlines.
3.40 Charlie Chaplin in "The Bank."
4.30 In the Making.
6.10 Indoor Bowls.
6.50 Top Table.
7.45 Mid-Evening News.
7.50 The Story of English Furniture.
8.15 The Money Programme.
9.00 Party Political Broadcast by the Conservative Party.
9.10 M*A*S*H.
9.35 "Rebecca" by Daphne Du Maurier.
10.30 The Innes Book of Records.
10.55 My Kind of Movie: George Melly on "Beat the Devil."
11.00 Late News.
11.15 Arena: Cinema.
11.50 Closedown reading.

LONDON

9.30 am Schools Programmes. 12.00 Cloppa Castle. 12.10 pm Rainbow. 12.30 The Cedar Tree. 1.00 News, plus FT index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus. 3.20 Kitchen Garden. 3.50 Tell Me Another. 4.20 How. 4.45 The Book Tower. 5.15 Pauline's People.

5.45 News.
6.00 Thames at 6.
6.25 Help!
6.35 Crossroads.
7.00 This Is Your Life
7.30 Coronation Street.
8.00 Leave It To Charlie.
8.30 Take My Wife.
9.00 Party Political Broadcast on behalf of the Conservative Party.
9.10 Once In A Lifetime.
10.10 News.
10.40 Mid-Week Sports Special.
11.50 Snooker—Holsten Lager International.
12.35 am What the Papers Say.
12.50 Close: Reading from Jung, with Painting by John Bellany.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 2.00 Houseparty. 2.25 The Little House On The Prairie. 5.15 Mr and Mrs. 6.00 About Anglia. 11.50 Westside Medical. 12.50 am The Big Question.

ATV

1.20 pm ATV Newsdesk. 5.15 The Rolf Harris Show. 6.00 ATV Today. 11.50 Police Surgeon.

BORDER

1.20 pm Border News. 2.00 Houseparty. 5.15 The Family. 5.15 Jonny Quest. 6.00 Lookaround Wednesday. 11.40 The Practice. 12.10 am Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 2.25 Family. 5.15 Emmerdale Farm. 6.00 Channel News. 6.10 Funky Phantom. 10.28 Channel Late News. 11.40 S.W.A.T. 12.35 am Epilogue followed by news and weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 5.15 Emmerdale Farm. 6.00 Grampian Today. 11.50 Reflections. 11.55 Westside Medical. 12.50 am Grampian Late Night Headlines.

GRANADA

1.20 pm This Is Your Right. 2.00 Live From 2. 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 On No It's Selwyn Froggitt. 11.50 What The Papers Say. 12.10 am The Practice.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 11.50 Code R.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.20-4.45 "Rydw i Am Fod ..." 6.00-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News Headlines and Road Report. 5.15 Cartoon. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Best Of Weir. 11.50 Late Call. 11.55 George Hamilton IV.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 2.25 Young Ramsay. 3.50 Time For Dancing. 5.15 Sinbad Junior. 5.20 Crossroads. 6.00 Day By Day. 6.45 Out Barton—Special Agent. 11.40 Southern News Extra. 11.50 The Electric Theatre Show.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround followed by Where The Jobs Are. 5.15 Laverne And Shirley. 6.00 Northern Life. 11.40 Police Surgeon. 12.10 am Epilogue.

ULSTER

1.20 pm Lunchtime. 2.25 The Electric Theatre. 2.55 Untamed World. 4.18 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 11.40 Bless Me Father.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.25 Family. 5.15 Emmerdale Farm. 6.00 Westward Diary. 10.28 Westward Late News. 11.50 S.W.A.T. 12.45 am Faith For Life. 12.50 West Country Weather and Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 5.15 Mr. and Mrs. 6.00 Calendar (Emley Moor and Belmont editions). 11.50 Electric Theatre Show.

F.T. CROSSWORD PUZZLE No. 3,873

ACROSS

1 United about horse but it's beaten (7)
5 Person soon accepts me, eagerly initially (7)
9 Scroll with doctor in drink (5)
10 Did the housework and made a large profit (7, 2)
11 Acquire a piece of furniture that is accessible (3-2-4)
12 Winners lose directions but it is a near miss (5)
13 Animal from eastern country (5)
15 Like a magnet at tower (9)
18 Where the locomotive is a sham? (9)
19 Used to eat what may be on a plate (5)
21 Right birds for one of twin brothers (5)
23 Pursuer of perfection who prices art differently? (9)
25 Individual going to the north-east left the staff (9)
26 Endlessly regrets leaving bird (5)
27 Huge doomed ship (7)
28 Wandering but no mother gets detectives to return (7)

DOWN

1 Dispute about western right to fish (7)
2 Judge soldiers coming up with coin to value (9)
3 Went down in prayer with Gaelic type round the north (5)
4 Bird on table should keep the feet dry (4-5)
5 Is turning up with woman but it could be a riddle (5)
6 Beggar men I'd turn over and can't (9)
7 Nothing left to study that's ancient (5)
8 Ruler using an old size of paper (7)
14 Draw fowl with feathers and reprimand (5, 4)
16 Cover for sailor and saint to get in (9)
17 Certain to be in step and highly valued (9)
18 Mimic in role could be a barrier (7)
20 Her name turned up as an apostate (7)
22 Deserve a desert (5)
23 Vessel I start cleaning in sudden fright (5)
24 Unit of the Marines (5)

Solution to Puzzle No. 3,872

Radio Wavelengths

1 1053kHz/285m 1089kHz/275m
2 693kHz/433m 909kHz/330m & 88-91vhf stereo
3 1215kHz/247m & 90-92.5vhf stereo
4 200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.00 Andy Peebles. 5.30 Newsbeat. 5.45 Kid Jensen. 6.31 Radio 1 Mailbag. 7.30 As Radio 2. 10.02 John Peel (S). 12.00-2.02 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2. 8.00 Listen To The Band (S) (continued from Radio 2 7.30 pm). 8.15 The Magic Of The Musicals (S). 9.02 The Impresarios. 9.55 Sports Desk. 10.00 With Radio 1. 12.00-2.02 am With Radio 2.

RADIO 2

5.00 am News Summary. 5.02 Dave Allan (S) including 6.15 Pause for Thought. 7.32 Ray Moore (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.30 David Hamilton (S). 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S). 6.45 Sports Desk. 7.02 Robin Richmond (S). 7.30 Listen To The Band (S). 8.00 Soccer Special. 8.15 The Impresarios (both vhf). 9.55 Sports Desk. 10.02 My Sainted Aunt (4). 10.30 Christopher Lee says Be My Guest. 11.02 Brian Matthew introduces Round Midnight including 12.00 News. 2.00-2.02 am News Summary.

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice, part 1 (S). 8.00 News. 8.05 Your Midweek Choice, part 2 (S). 9.00 News. 9.05 This Week's Composer: Berwald (S). 9.55 Schubert and Mozart (S). 10.45 Concert part 2 (S). 11.10 BBC Scottish Symphony Orchestra (S). 1.00 pm News. 1.05 Concert Hall (S). 2.00 Symphonies From The New World (S). 3.00 Jan Dismas Zelenka (S). 3.50 Mr. Gainsborough, Amateur Of Music Concert, part 1 (S). 4.35 Interval Reading. 4.40 Concert, part 2. 5.10 Delius (S). 5.30 Young Music-makers (S). 5.45 Homeward Bound (S). 6.30 News. 6.35 At Home: Scenes played Beethoven on record. 7.00 Bourgeois Musics (S). 8.00 Muti And The Philharmonia, part 1: Brahms, Mendelssohn (S). 8.40 The Arts Worldwide. 9.00 Muti And The Philharmonia part 2: Prokofiev (S). 9.45 Mozart's Piano Trios (S). 10.45 Building A Library Of Records (S). 11.55-12.00 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today: Magazine, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 The News. 9.05 The Living World. 9.35 On Location. 10.00 News. 10.05 Gardeners' Question Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 You, The Jury. 11.45 Listen With Mother. 12.00 News. 12.02 pm You And Yours. 12.27 Lord Peter Wimsey. 12.55 Weather, programme news. 1.00 The World At One. 1.30 Party Political Broadcast by the Conservative Party. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 Afternoon Theatre (S). 4.00 Choral Evensong (S). 4.35 Story Time. 5.00 PM: 5.50 Shipping forecast. 5.55 Weather, programme news. 6.00 News. 6.30 My Music (S). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 The Great Shakespeare Jubilee, programme for the Bicentenary of the death of David Garrick. 8.45 Analysis. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Card Web. 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 In Concert. 10.03 Late Night London. 12.00 As Radio 2. 12.05 am Question Time from the House of Commons. 1.05 Close: As Radio 2.

London Broadcasting

5.00 am Morning Music. 6.00 A.M.: news, information, travel, sport. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Mike Allen (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit Cards, 01-240 5258. Reservations 01-836 3161. ENGLISH NATIONAL OPERA. Winners 1978 SWET Award Outstanding Achievement in Opera. Tonight 7.30 [illegible]

COVENT GARDEN. CC 240 1066. (Gardencharge Credit Cards 836 6903). THE ROYAL BALLET. Ton't. 7.30 La Fille mal gardee. Fri. & Mon. 7.30 The Firebird, Scenes de ballet, The Rite of Spring. THE ROYAL OPERA. Tomor. & Sat. 7.30 Don Pasquale. 65 Amphi seats avail. for all perfs. from 10 a.m. on day of perf.

ROYAL FESTIVAL HALL. 928 3191. LONDON FESTIVAL BALLET in THE NUTCRACKER. Today at 3 with Belnore, Werner, Hayworth. Tonight 7.30 with Ruanne, Schaufuss, Hayworth. All seats sold. Last performance.

SADLER'S WELLS THEATRE. Rosebery Ave., E.C.1. 837 1672. Till Feb. 24. D'OYLY CARTE in GILBERT AND SULLIVAN. Evgs. 7.30. Mat. Sats. & Jan. 24 2.30. Ton't. THE GONDOLIERS. Tomorrow to Sat. THE YEOMEN OF THE GUARD. Mon. to Jan. 27 HMS PINAFORE.

THEATRES

ADELPHI THEATRE. 01-836 7611. Evenings at 7.30. Mats. Thursday 3.00. Saturdays 4.00. BEYOND THE RAINBOW. The SUNNY SPECTACULAR MUSICAL BASED ON THE BEST SELLING NOVEL "AFTER ME, THE DELUGE." The Times says: "A HAPPY FAMILY SHOW." Credit Card bookings 01-836 7611.

ALBERY. From 8.30 am. 836 3878. CC. Bkgs. 836 1071-3. Party rates. Evs. 7.45. Thurs. and Sats. 4.30. 8. A THOUSAND TIMES WELCOME IS LIONEL BART'S "MIRACULOUS MUSICAL." Fin. Times. OLIVER with ROY HUDD. GILLIAN BURNS, MARGARET BURTON.

ALDWYCH. 836 6404. Info. 836 5332. ROYAL SHAKESPEARE COMPANY in repertoire Ton't. 7.30. Extra low price perf. Middleton and Rowley's THE CHANGELING. (Also Jan. 23 7.00, Jan. 24 7.30. With: Tomor., Fri., Sat., Mon. low price perfs. AS YOU LIKE IT and Bronson Howard's comedy SARATOGA (next perf. 25 Jan.) RSC also at THE WAREHOUSE (see under W).

AMBASSADORS. CC. 01-836 1171. Evs. 8.00. Tues. 2.45. Sat 5.00. 8.00. JAMES BOLAM "A superb performance." FT. GERALD FLOOD in A NEW THRILLER WHO KILLED AGATHA CHRISTIE . . . ?

APOLLO. CC. 01-437 2663. Evs. 8.00. Mats. Thurs. 3.00. Sat. 5.00 and 8.00. PAUL DANEMAN, LANA MORRIS, DENNIS RAMSDEN, CARMEL McSHARRY. SHUT YOUR EYES AND THINK OF ENGLAND. 2nd WICKEDLY FUNNY YEAR. "Very very funny, great entertainment." NoW.

ARTS THEATRE. 01-836 2132. TOM STOPPARD'S DIRTY LINEN. "Hilarious . . . see it." Sunday Times. Mon. to Thursday 8.30. Friday and Saturdays 7.00 and 9.15.

ASTORIA THEATRE. CC. Charing Cross Road. 734 4291-439 8031. Mon.-Thurs. 8.00 pm. Fri. and Sat. 6.00 and 8.45. ELVIS. BEST MUSICAL OF THE YEAR. EVENING STANDARD AWARD. SECOND GREAT YEAR. Group bookings 01-437 3856.

CAMBRIDGE. CC. 01-836 6056. Evgs 8.00. Mats. Thurs. and Sat. 3.00. TROUBADOR. A new musical starring KIM BRADEN, JOHN WATTS. The best British Production of a musical since "Camelot." Breda Marshall, Capital Radio. CREDIT CARDS WELCOME.

CRITERION. From 8.30 am. 930 3216. CC bkgs. 836 1071. Evs. Mon to Thur. 8.00. Fri. and Sat. 5.45 and 8.30. "THE MOST HILARIOUS PLAY FOR YEARS." Financial Times. GLOO JOO by Michael Hastings. Comic delirium as stroke after stroke of chutzpa demolishes British Officialdom. BLISSFULLY FUNNY. Times.

DRURY LANE. CC. 01-836 8101. Mon. to Sat. 8.00. Mats. Wed. and Sat. 3.00. A CHORUS LINE. "A rare devastating joyous astonishing stunner." S Times. 3rdGREAT YEAR.

DUCHESS. 836 8243. Mon. to Thurs. Evenings 8.00. Fri., Sat. 5.30 and 8.15. "The nudity is stunning." Daily Tel. OH! CALCUTTA! Ninth sensational year.

DUKE OF YORK. CC. 01-836 5122. Evenings 8.00 pm. Fri. & Sat. 5.30, 8.30. TOM COURTENAY, FELICITY KENDALL. CLOUDS. "IS BLISS." Observer. "MICHAEL FRAYN'S FUNNIEST PLAY." Daily Telegraph.

FORTUNE. 836 2238. Evs. 8.00. Thurs. 3.00. Saturday 5.00 and 8.00. Muriel Pavlow as MISS MARPLE. MURDER AT THE VICARAGE. FOURTH GREAT YEAR.

GARRICK. CC. 01-836 4601. Evs 8.00. (sharp) Wed. 3.00. Sat. 5.30 and 8.30. DENIS QUILLEY in IA LEVIN'S New Thriller DEATH TRAP. "THREE CHEERS FOR TWO HOURS OF MARVELLOUS ENTERTAINMENT." S.Tel. "VERY INGENIOUS, VERY FUNNY, VERY EXCITING." Fin. Times.

GLOBE THEATRE. CC. 01-437 1592. Evs. 8.15. Wed. 3.00. Sat. 6.00, 8.40. PAUL EDDINGTON, JULIA MACKENZIE, BENJAMIN WHITROW in Alan Ayckbourn's new comedy TEN TIMES TABLE. "This must be the happiest laughter-maker in London." D. Tel. "An irresistibly enjoyable evening." Sun. Times.

GREENWICH THEATRE. 01-858 7755. Evenings 8.00. Mat. Sats. 2.30. The award-winning play OA by Hugh Leonard.

HAYMARKET. 01-930 9832. Evs. 8.00. Wed. 2.30. Sat. 4.30, 8.00. PENELOPE KEITH, NIGEL HAWTHORNE, CHARLES KAY, ANGHARAD REES and IAN OGILVY in THE MILLIONAIRESS by BERNARD SHAW.

KING'S HEAD. 226 1916. Dnr 7. Shw 8. [illegible]

KING'S ROAD THEATRE. 01-352 7488. [illegible] THE ROCKY HORROR SHOW. DON'T DREAM IT, SEE IT.

LYRIC THEATRE. CC. 01-437 3686. Evs. 8.00. Thurs. 3.00. Sat. 5.00, 8.30. JOAN PLOWRIGHT, FRANK FINLAY in FILUMENA by Eduardo de Filippo. Directed by FRANCO ZEFFIRELLI. Society of West End Theatre Award. COMEDY OF THE YEAR. [illegible] YEARS." Sunday Times.

MAYFAIR. 629 3036 (Green Park Tube). [illegible] WELSH NATIONAL THEATRE CO. in UNDER MILK WOOD. [illegible] Season must end Feb. 3.

NATIONAL THEATRE. 928 2252. OLIVIER (open stage): Tonight 7.30, Tomorrow 2.45 & 7.30 THE DOUBLE DEALER by Congreve. LYTTELTON (proscenium stage): Tonight & Tomorrow 7.45 PLUNDER by Ben Travers. COTTESLOE (small auditorium): Tonight 8.00 (last perf.) HEROD new play by Paul Mills music by Harrison Birtwistle and Dominic Muldowney. Tomor. 8.00 The World's Turned Upside Down (perhaps not suitable for children). Many excellent cheap seats all 3 theatres day of perf. Car park. Restaurant 928 2033. Credit card bookings 928 3052.

OPEN SPACE. Evgs. 8.00. 01-387 6969. BRECHT'S RESPECTABLE WEDDING. "Sheer delight." Gdn. "Fascinating and thoroughly entertaining." F.T. HURRY! Last Week—Ends Sunday.

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CLASSIC, Leicester Square. 930 6915. Elliott Gould, James Brolin, Telly Savalas CAPRICORN ONE (A). Cont. from 1.00 pm.

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THE ARTS

ew End

A Night in the Ukraine

by MICHAEL COVENEY

"Hello, and welcome to the irties," smiles pianist Frank azarus and the heart sinks. Mr. azarus, however, rises from the most dead to tinkle the aries for a nostalgic curtain-iser to Dick Vosburgh's play the above title. This first half, Day in Hollywood, sets the ene as 1936, chronologically apped between A Night at the pera and A Day at the Races.

The cabaret is rather like one those half-hour TV programmes presented by Denis orden, a potpourri of anecdote d reminiscence that is casant enough for menopausal owbiz buffs but, as theatre, void of real point or punch. aving said that, I am inclined withdraw all objections for e pleasure of seeing Paddie Neil doing her Bette Davis personation. There are some autiful songs, reasonably well ne, from the likes of Gershwin, Porter, Loesser, Arlen and Harburg.

After the interval, Miss O'Neil swaggers on as Margaret Dumont, looking, as Groucho remarks, as though somebody has draped a skirt around the Battleship Potemkin. The feel of Mr. Vosburgh's writing is affectionately and cleverly apt. If only John Bay had more grip and grit as Groucho, and if only everyone else on stage was as talented as Sheila Steafel, who both conjures up the spirit of Harpo and shoots some of herself through the picture, the evening would be a riot.

As it is, it is less than that. Groucho is here an impecunious lawyer come to extract an outstanding debt from the large widow, Mrs. Pavlenko. The setting is Russian and loosely derived from Chekhov's The Bear. In Chekhov, the landowner who wins the hand of his employer's widow is called Smirnov and provides merely horse fodder until rapturously discovered.

In Vosburgh, the idea of an upstart intruder claiming the hand of his debtor is neatly reworked to fit the Marx Brothers style. Chico (Mr. Lazarus) pops up at the piano to accompany the wan young lovers, as extraneous to the main business as is the couple in A Night at the Opera, in a pastiche number worthy of Sandy Wilson.

If this parody is also strictly for buffs—it is not quite well done enough for the rest of us—at least it is also a brilliantly concocted writing achievement by Mr. Vosburgh. The director is Ian Davidson and original music is provided mainly by Mr. Lazarus and partly by Trevor Lyttleton.

Sheila Steafel, John Bay and Frank Lazarus — Leonard Burt

lush

The Paranormal Review

With respect to the Society r Physical Research, there is great deal of rubbish talked out paranormal activities, om the interplanetary politics the Aetherius Society to the endly messages of the little medium round the corner. ik Brogger, which I suspect a pen-name for the director, iris Langham, and his five tors have marked it all down The Paranormal Review—the counters with UFOs, the raphic visions of life after ath, the pointless activities of oltergeists, stigmata, hallucinations—and treated it with the srespect it deserves.

We are supposed to be at a eeting of solemn gulls called e Charles Flynn Society, where embers retail the amazing xperiences that have come their ay. A girl throwing a pottery ug finds it traced with a sound-ack from pre-historical times. omestic furniture flies down om the skies. One particurly intrusive armchair takes ver a subject and wills him to ive cabaret shows featuring ad jokes about Otto Preminger. reading from Charles Flynn's works leads to an explosion of miracles. "I can walk!" "You always could walk."

Three astronauts shipwrecked after a bad splashdown are visited by a fourth, who dispenses beer, gum and cards with unexpected results. Life after death is not, after all, a happy reunion with loved ones; on the contrary, the afterworld is peopled with street maniacs and hippies. A Norwegian film about poltergeists shows only a chair that has been knocked over, not a poltergeist knocking it over. (The only words in the commentary that I understood mean "How are you?" and "Thanks very much," so there may have been more to it.)

One or two of the sketches go on a little too long, but they are played with tremendous enthusiasm, and no nonsense about subtlety, by Paul McDowell, Richard Parmentier, Kevin Elyot, Manning Redwood and Maynard Williams (who also plays the piano). The direction has that happily inconsequential air that has distinguished Mr. Langham's work ever since he did revues for Bristol University. He has now left the Science Fiction Theatre of Liverpool. I see, to join the Paranormal Theatre of Acton.

B. A. YOUNG

Observer Oxford Festival of Theatre

The 2nd Observer Oxford Festival of Theatre (April 29—May 12, 1979) will bring together professional and student groups from all over Britain and abroad.

Following last year's success, the festival is non-competitive and run entirely by students. Three of Oxford's leading venues are used: the Playhouse, the Burton-Taylor Extension and this year for the first time, the Oxford Museum of Modern Art.

The theme for the 1979 festival is "*women, morality and society*" explored through works as diverse as Picasso's *Four Little Girls* and Middleton's *Women Beware Women*.

Television

Back to the beginning

by CHRIS DUNKLEY

The most important of television's new series was missing from the first part of the New Year round-up in this column last week because it only started last night: BBC 2's *Life On Earth*. Already, after seeing only the first of the 13 parts and a collection of excerpts from future episodes compiled for the Press preview, it is pretty clear that it will be one of the major series of 1979. The question is whether it will eventually rank with that handful of all-time-greats which so far includes *Civilisation*, *The Ascent of Man*, and *The World At War* and precious little else, and I suspect that the answer—pleasingly—is that it will.

Wildlife programmes have been one of television's greatest successes, as one was reminded by Sunday's remarkable *World About Us* which was concerned mainly with Cherry Kearton, one of the earliest makers of natural history films for the cinema, but which also touched on Armand Denis. What it did not mention, though it might have (in place of the more sanctimonious bits of Jeffery Boswall's commentary, perhaps) was *Zoo Quest*, the BBC's animal programme which David Attenborough started presenting more than 20 years ago.

Since then he has risen to be Controller of BBC 2 and even Director of Programmes for the whole of BBC Television. But the jungle reclaimed him. Though he was one of the best liked administrators in BBC TV, Attenborough never looked half as happy on the sixth floor of Television Centre as he did standing on a pile of bat droppings in an Indonesian cave.

Now, in *Life On Earth*, he is back in his element. He whispers a commentary out of the side of his mouth while lying in the grass underneath a friendly gorilla; lifts his hurricane lantern on the beach in Delaware Bay to illustrate and explain the survival of a prehistoric anomaly called the horseshoe crab; and dons fins and mask to conduct us around a coral reef.

Writing about Attenborough, one always ends up sounding like a doting great aunt, remarking on what a nice chap he is and how sensible and fair, and apparently quite without conceit despite his fame—but then it does all seem to be true.

However, the most important thing about him is that he never projects himself as the central subject of the series: though his charm, fluency, and expertise are certainly going to be of central importance to the success of this venture, there is no doubt at any stage that it is the wildlife which is paramount. You cannot say the same of all nature series.

But then *Life On Earth* is clearly aiming to be something much more than just another collection of well photographed natural history programmes: it really is attempting to do for biology what Kenneth Clark did for fine art. Consequently it started out last night by going (fairly fast) over the ground recently covered so stylishly in *The Voyage of Charles Darwin*. Admirably Attenborough did not cop out of the religious question.

Then, with the help of conducted explorations in the Grand Canyon, on the shores of Lake Superior, and amid the Flinders Mountains of Australia among other places, Attenborough and executive producer Christopher Parsons and the BBC's Bristol Natural History Unit from which the production springs, moved back through fossils to the very origins of life in "chemical soup."

The sheer scope of the series would surely appal any of the world's other TV wildlife groups: the other 12 programmes proceed via jellyfish and liverworts, insects and fish, amphibians and reptiles, birds and marsupials to mammals, higher primates and man.

Judging from the BBC's press appetiser, all of it is gorgeously photographed by some of the world's top wildlife cameramen, using all the techniques we have come to know in recent years—microphotography, slow motion, stop motion and so on—much of it still astonishing. Most amazing of all, however, is the number of creatures which have never been seen on the screen before.

Though it is not a precisely similar sort of series, *Life On Earth* is very well suited to filling the gap left by *Charles Darwin*, and although it may yet be rather early to say so, it does look very much like a series which has been created at just the right historical moment: photographic techniques are advanced, yet the subject, though frequently covered, is nowhere near exhausted. Nor has anyone previously attempted such a broad and thorough examination.

Another of the season's new factual series which though shorter has also started out very impressively is BBC1's *The White Tribe Of Africa*. It is produced and directed by David Harrison, but once again it is the writer/presenter who appears to be responsible for the general attitude and tone, this time David Dimbleby.

I suspect that time may prove David to be the most valuable member of his family so far as television is concerned. His father, Richard, for all his ground breaking in various parts of broadcasting, was at his very best on radio, while brother Jonathan's habit of wearing his heart on his sleeve so as to be able to ram it more quickly down the viewer's throat inevitably offends even those who agree with him.

David has that priceless journalistic quality: a real desire to find out, without any impulse to interpose his own views between the subject and the audience. This does not imply that he has no opinions nor even that his opinions are never indicated by the tone of a question or the lift of an eyebrow.

It does mean that his opinions are not the subject of the programme. Opinionated journalism from a Cameron or a Pilger or a Waugh is valuable, but it does make it easier than David Dimbleby's sort. In *The White Tribe Of Africa* he is investigating the Afrikaners by talking to them, adding historical background, and revealing details of social and political structures — such as the eye-opening description of the Broederbond secret society — a job which much needed doing.

Not only does it tell us about a people who have previously been virtually ignored by television except for the laying of blame for terrible racial injustices and inhumanity (the blame quite justified so far as a non-visitor can tell) but it also tells us, with its straightforward methods, at least as much about the black people and how they were brought to their present predicament as did all those previous programmes made clandestinely under such difficult circumstances.

This is not to suggest that we know everything there is to know about black South Africans: Sunday's *South Bank Show*, one of the most interesting they have done, brought film detailing aspects of hostel life in Johannesburg — musical in particular — which I certainly had no idea existed. It is significant in historical and social terms, however, that British television has devoted so much more attention in the last decade to the exploited black population than to the exploiting whites.

The same sort of approach is evident in Thames Television's *Our People* which appears to be concerned with the problem of race prejudice. However, since its time is devoted largely to the people who suffer from the problem (the blacks) instead of to those who cause it (the whites) one is left with the uncomfortable suspicion that the programme has more to with proving the bona fides of the programme makers, and bearing witness to their admirable consciences by supplying the familiar heart rending evidence of the problems than with any determination to engage the viewer and get to grips with the less photographic causes.

A study of white attitudes rather than another look at black circumstances would surely pay better dividends in the long run. Admittedly, though, the series will have done a marvellous job if it merely succeeds in convincing a few more viewers that the UK population is falling and that emigration outnumbers immigration.

The most amusing new non-fiction series of the season is *The Great Egg Race* on BBC2. It is not the egg race itself (actually a competition to see who can convey an egg furthest using the power of a single small rubber band; 140 metres to date) which is most interesting, but the contest in mechanical problem-solving in the studio.

In he first week the teams had to rig a scale capable of weighing a feather, an egg and a brick; and last week using kitchen oddments they had to build a mechanical flea able to leap repeatedly over a table. It reminds one variously of Sandhurst entry exams, "100 Things For A Lad To Make" from Boys Own Paper, and a wet night beside the A30 tryin ot convert the girl friend's stockings into an emergency fan-belt.

It lacks the Torquemada touch brought to *Mastermind* by Magnus Magnusson, but in other respects it has the powerful attractions of that series plus a fascinating inventiveness which in my experience is unique on television.

David Attenborough in the Grand Canyon

Elizabeth Hall

Nash Ensemble

by DOMINIC GILL

The Nash Ensemble's concert on Monday would have better justified the title of "Mainly Slav" than any of the programmes currently offered on the South Bank under that title. It was a lightweight but jolly evening, happily presented, happily played, and in the main greatly enjoyable: Rimsky Korsakov's exuberant B flat quintet for piano and winds, done with brio and humour; the Stravinsky octet, crisply given, nicely articulated, quick and resonant; and a splendidly indulgent piano trio (no. 1 in D minor) by the Rimsky pupil Anton Arensky, of grandly Chaikovskian rather than Rimskian aspiration.

The three Russian works were mixed, no doubt for variety's sake — spiced is hardly the word — with a pair of brief new sketches from the pen of the recent Russian-Orthodox convert John Tavener. The first was a "dramatic song cycle" called *Lamentation, Last Prayer and Exaltation* for soprano and piano, originally conceived for voice and handbells. The cycle is, as the composer describes it, "very simple." Some of the dramatic elements prescribed by the score were perhaps wisely restrained in this performance: in place of the black veil and *noh* gestures indicated for "Lament," the soprano Elise Ross gave us no veil and no gestures. She turned around not six times but once. She might have gone further: there was just a suspicion that the last two songs could have been simpler still, and (if such were possible) even more touching, without the screaming, the kneeling, the clasping of hands, and the "Christian-Orthodox benedictory posture."

For the evening finale, Tavener brought his benediction to bear on a little group of Russian folksongs, arranged for voice and eight instruments: each one originally a bright and sparkling gem, lovingly transmuted by the composer into something soft and new, the purest kitsch, dizzyingly sweet, profoundly fake.

Royal Free Hospital, Hampstead

The Guardian Outwitted

by NICHOLAS KENYON

When Arne's comic opera *The Guardian Outwitted* was first produced in London in December, 1764, it was such a dismal failure that the composer was inspired to write a parody *Elegy on the Death of The Guardian Outwitted*, in which the audience's reaction to the fun was embodied in the noble line "And all the House a solemn stillness holds." There were plenty of laughs to be had on Saturday night, when the Cambridge Opera brought the piece to London for its first modern performance here.

The plot, about the cheating of the rakish Sir Liquorish Trapgold by his pert ward Flirtilla, is conventionally idiotic. But Arne's music is on a level far removed from the bathos of the text. Rising above the ballad opera pleasantries of the time, and shunning pure display in the vocal writing, he attempts a real English opera. Class-distinction is built into the arias: delicately flowing triplets for the French fop La Finesse (Charles Metcalfe), *bundering buffa* unisons for the servant Slouch (Ken Dixon), and a quite elaborate *scena* for Lady Julia (Gwendoline Neish-Ross). Richard Morton, found a natural, well-projected stage presence as Lord Planwell, and sang excellently; he was matched among the girls only by Elise McDougall, who made Flirtilla's minor-mode aria a real three-dimensional expression of grief.

George Barker had edited the score, and conducted it. Brian Anderson produced and John Hall provided a nice set of positive-negative black and white screens by way of setting. The Royal Free Hospital's assembly hall provided an ideal venue, though it did give an unfortunate new resonance to the opening line of one duet, "Oh Dolly, I part with a hole in my heart."

International puppet festival

In March London's first international Puppet Festival will bring together puppet companies from all over the world, including the USSR, the U.S., Australia, France, Hungary, Germany, Sweden, and the Far East as well as Britain.

The Bread and Puppet Theatre from the U.S., an experimental community theatre company which uses all types of puppet from giant figures to cut-out shapes, is returning to England after many years' absence and will be seen during the first week at the Riverside Studios, and before that for one week in Scotland at the MacRobert Arts Centre, Stirling.

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Good message, bad measures

THE PRIME MINISTER, after wasting a week in an unconvincing attempt to sound unworried, at last spoke yesterday in plain terms about the consequences of present wage demands and disputes. The Government's monetary objectives remain unchanged. Neither the exchange rate nor the supply of credit will be allowed to respond, so far as it can be prevented, to excessive settlements: people can price themselves out of jobs. Had he said that and sat down, one might applaud his consistency. Unfortunately he went on to promise measures on pay and prices which contradict his own policy.

Two ways

There are in fact two quite opposite ways of dealing with cost pressures—the methods which have failed in the last decade, and the method of attempting to protect the value of money. A government which is prepared to finance inflation without limit is pushed into a concern with controls and relativities for lack of any other constraint on selfish behaviour. The result, as we have learned repeatedly, is confrontation, low investment, and contemptible growth. One need only imagine the present condition of this country had oil and gas not been discovered in the North Sea to measure the effectiveness of this approach.

The alternative approach starts from a refusal to debauch the currency to appease the militants. This is the policy which the presnet government has, to its credit, embraced. It has implications which the Prime Minister spelled out yesterday.

However, he failed to draw the proper policy conclusions. If it is true that people can price themselves out of jobs, then it is silly to adopt their settlements as a form for others; but the Prime Minister promised comparability in the public services. If the wages attained by the toughest bargainers are depressing the economy, then the problem will be made still worse if the Government tries to restore old relativities by special help for aggrieved low-paid groups; but this is to be done at public expense. It is still more inconsistent to try at the same time to preserve real incomes of those who are not covered by such mistaken policies by giving the Price Commission sweeping powers to prevent employers recovering their increased costs; this simply leads to officially imposed unemployment on top of self-inflicted damage.

Intervention is appropriate only where market power is being abused. Tight credit and a strong exchange rate imposes obvious disciplines on manufacturers fighting foreign competition and some settlements already achieved show that this message is beginning to get through (though if the Prime Minister preaches comparability, he is inviting those who have made sane settlements to tear them up). Workers in services which contribute to industrial costs may, however, succeed in grabbing a larger share of what is going through monopoly power, the first blow of the consequent unemployment will fall elsewhere. Trade unionists who respect the picket lines set up to enforce excessive demands are contributing to their own impoverishment and putting their own jobs at risk. That is the truth enforced by sound money.

Picketing

Mr. Callaghan did address himself to the picketing problem. He is trying to get quick action on a code of practice for picketing. This would ensure that action to stop those not involved in a dispute from earning their living would be outside the rules, even if it were not outside the law. It remains to be seen whether a code of practice is any more effective than the efforts of the TGWU leadership to discipline the militants. The country will echo this. Thatcher's demand for a code than can be enforced.

The Prime Minister seeks to be firm and yet emollient, combining sound economic preaching with catchpenny measures. Yet as many industrial managements have learned, militancy which has been bought off for a decade is a hardy plant, and cannot be brought under control without unpleasantness. Mr. Callaghan's firmnes on the central issue is welcome; but the measures he proposes to reduce the consequent unpleasantness simply undermine his basic policies.

Italy aims at stability

THE LONG-AWAITED Italian three-year plan, unveiled in Rome this week, has two main objectives. The first is to restructure the country's economy between now and 1981 in a way that will allow Italy to play its full role as an EEC member and a participant in the new European Monetary System. The second is to maintain the country's precarious political stability. Signor Giulio Andreotti, the Prime Minister, is hoping that the package will secure sufficient agreement from the country's other main political forces, most notably the Communists and the trade unions, to prolong the life of the minority Christian Democratic administration with which he has governed for the past two years. At a time of growing tension between Communists and Christian Democrats, Signor Andreotti accompanied the plan's launching with an appeal to the other political parties not to torpedo it.

Austerity

On the economic front, the plan calls for classic austerity policies that will require sacrifices, particularly from the trade unions. The intention is to cut back the country's huge public sector borrowing requirement and to prevent any real increase in wages in the next three years. The rewards, if these aims can be achieved, are to be a boubling of the growth rate to 4 per cent, a progressive reduction in inflation, and the creation of ½m new jobs, especially in the depressed Southern half of the country. The initial reaction from the unions has not been enthusiastic. Forthcoming wage claims look like being in excess of the guidelines, union representatives have said they are not happy with the measures planned for the South, and a four-hour national strike has been set for February 2.

The unions, however, are unlikely to be keen to take the blame for the outbreak of a new political crisis and talks with the Government are continuing. The largest union, the Communist-dominated CGIL, will in any case probably want to take its cue from the Communist Party, and this has yet to make up its mind on its reaction to the package. The party's leaders meet today to try to do so. Their talks will be particularly important as their decision will have implications not only for the implementation of the plan but for the whole future pattern of their co-operation with the Christian Democrats. The choice will be far from easy.

The Communists' difficulties stem from the increasingly obvious fact that their policy of the past two years, the so-called "historic compromise," has not obtained the hoped for results. Their Parliamentary support for the Christian Democrats has not paved the way for more formal entry into Government and it has cost the Party support from the more militant left. The Christian Democrats are now making it quite clear that the Communists have travelled as far as they are going to get along this particular road to power. Ideally, the Communists would like to go into active opposition, but this would alomst certainly lead to a similar move by the Socialists and quite possibly the fall of the Andreotti Government. That could in turn lead to general elections in which the Communists fear they would be the losers and the Christian Democrats the gainers.

Party Congress

The problem is compounded for the Communists by the imminence of their Party Congress in mid-March. The leadership doest not want the Congress to conduct an agonising post mortem of the past two years. On the contrary, the hope is that a new political line will emerge, relaunching the Party on its march to power. The difficulty is to discover a new line that does not risk a crisis by bringing the Party into direct confrontation with the Christian Democrats. The Christian Democrats are not trying to pick a fight. They see no point in risking their chances in an election, however good, those chances may be, when they already have the Communists where they want them. Signor Andreotti seems to have left the door open for compromise by keeping many of the key sections of his plan rather vague. He could probably afford to allow the Communists and the unions to take the credit for any changes that may be negotiated. Given the strength of the right wing in his own party, it will not be easy. But he has shown considerable skill at such manoeuvres in the past.

Iran without the Shah

BY ANTHONY McDERMOTT and ANDREW WHITLEY in Tehran

SHAH Mohammed Reza Pahlavi and his Government maintained the pretence until the very last moment yesterday that he was going off temporarily for a holiday.

The constitutional legalities were strictly observed, once Dr. Shapour Bakhtiar had been appointed Prime Minister. His Government was accepted by both Houses of Parliament. Lawyers pondered on the relative suitability of Articles 38 and 42 of the Constitution, under which a Regency Council can be set up. The former would have amounted to abdication, while the latter merely meant minding the kingdom while the monarch was away. The latter articles was applied.

Important as these technicalities may have seemed to diplomats and to the Shah's dwindling number of supporters, to the great mass of the people who have been taking to the streets in their millions, they were nothing more than a hollow charade. It was plain what the great majority of Iranians wanted. After more than a year of agitation, they have it—the Shah and the Pahlavi dynasty are out, almost certainly for ever.

The dynasty has lasted for 53 years spanned by only two men. The first, Reza Khan, a tough professional soldier of humble origins, rebuilt Persia, as it was then known in the West, from the ruins left by the Qajar emperors. The second, was Mohammed Reza, Reza Shah's eldest son, whose messianic vision of the Great Civilisation that would place his country in the top rank of world powers, inheriting the legacy of Cyrus the Great, was to prove his ultimate downfall.

The collapse was faster and more complete than anyone could have predicted. A social and economic revolution, running counter to the unabashed capitalism of the past two decades, led to the political revolution that is taking place. Iran will not become Cambodia or Ethiopia. Nor will the ascendancy of Islam in this movement produce a system similar to those of neighbouring Pakistan or of Saudi Arabia.

But a period of social readjustment is inevitable in Iran until a new national consensus is found. In his single-minded drive to create a new Iran in the limited time given him by his oil reserves, the Shah broke the consensus that was developing, in particular the subtle balance between the moral authority of the clergy and the powers of the executive in the modern state.

Reflecting on his failures, the Shah has already acknowledged the lack of grass-roots political leadership as being in part responsible for what became a tidal wave directed against himself. But convinced of his own unique role, Mohammed Reza Pahlavi could only see the failure as the result of a piece missing in the jigsaw he was putting together, rather than of a fundamentally wrong approach.

In the past years, while religious inspired riots claimed over 1,500 lives, he must often have wondered ruefully how the Islamic clergy still retained so much power. Following the long tradition of Iranian monarchs, his father had dealt forcibly with recalcitrant mullahs. He himself had loosened their grip through the expropriation of land in the "White Revolution" of 1963. They had been bought off, neutralised, and put in their place, as he saw it.

The seeds of the final crisis were laid during the premiership of Mr. Amir Abbas Hoveyda, that decade of prosperity up to 1976, when Iran seemed set to show the rest of the world a new model of how to achieve economic "take off."

Iranians are as torn as any other people when made to choose between spiritual and material well-being. The course charted by the Shah at home and abroad was one of immense attractions. Only in retrospect have so many of the newly rich realised what they personally and what the country as a whole lost in the process. When the economic tide turned against the Shah they were in the vanguard of the wolves, as urban guerrillas, as intellectual critics, and finally as strikers bringing down the edifice. Social alienation led to social dislocation and finally to open hostility. On two successive days in December 1m Tehranis from all walks of life marched in total unity to the capital's Shahyad monument—a gateway in modern style erected during the festivities in 1971 marking 2,500 years of Iranian monarchy and a symbol of the Shah's pretensions and aspirations.

IRAN'S OIL

	Output (barrels/day)	Income ($m)
1938	203,900	17
1945	336,800	23
1950	635,000	45
1960	1,020,000	285
1965	1,770,000	513
1969	3,044,000	908
1970	3,845,000	1,093
1971	4,566,000	1,870
1972	5,067,000	2,308
1973	5,896,000	3,600
1974	6,021,000	18,523
1975	5,350,000	18,871
1976	5,899,000	20,488
1977	5,663,000	20,735
1978	*4,900,000	†17,000

* Estimated output, allowing for fourth-quarter disruptions. † Estimates in July put income at $21bn.

History will find different reasons for Mohammed Reza's failure: his economic and social engineering was too ambitious, and the grand structure finally collapsed under its own weight; his personality was inherently flawed; nationalism reasserted itself against a monarch thought to have betrayed the country's heart. The Pahlavis were usurpers (even arrogant parvenus to many of the old elite) who could only succeed by brute strength, as Reza Shah did, or through the use of an elaborate system of repression and control, as his son did with the secret police, the SAVAK.

Each factor will be weighed in the balance. But Mohammed Reza need not have failed, and certainly not at this time. His reasoning was understandable, but there was no need for the Fifth Five-Year Plan—intended as the cornerstone of the Great Civilisation—to be doubled in 1974, giving fresh life to the twin evils of inflation and corruption.

When, 2½ years later, he set in motion the programme of liberalisation that was, rightly, intended to broaden the political base of power in Iran, the Shah had become so far removed from the reality of his country's social forces that he dangerously overestimated his own strength and his opponents' weakness. By exiling Ayatollah Khomeini, the religious leader, he gave a hostage to fortune. The Ayatollah subsequently could relaunch his crusade against the monarch.

Tactical errors in handling the agitation of the past year were frequent. When concessions did come they were, as often happens, both too little and too late. Cynical at the best of times, few Iranians believed in the genuineness of the Shah's motives.

The Pahlavi's obsession with military strength and self-reliance was founded on the intervention of Britain and the Soviet Union during the second World War. The circumstances under which Mohammed Reza came to the throne in 1941—his land occupied, his father forced to abdicate—were the deepest influences on his future policies. In retrospect it may well turn out that it was the weight of military spending in recent years which finally extinguished the prospect for economic self-sufficiency, and in turn provoked the widespread social discontent that provided the clergy with their cannon fodder in the confrontations with authority.

To some extent what has happened in Iran has been a struggle within a ruling elite; the Shah had surrounded himself with bright technocrats from Princeton, Harvard and Cambridge—men who felt they could do anything and were contemptuous of the old order. The bazaar merchants and clergy represented the discards who fought back.

Above all the Shah was disliked for what was seen as his subservience to the West. Iranians do not hate western ways. On the contrary, they crave the recognition of western Europe as equals, and they know they will continue to need American arms and the protection of the super-power umbrella against the Soviet Union to the north. Unfortunately, Britain and America made the situation worse for the Shah, and thus, for themselves, by their steadfast restatement of support for the monarch. In Iran the perception of western meddling in Iranian internal affairs is for more important than the reality.

The grandeur of the Shah's vision was reflected in the arrogance of his technocrats and the near void that was political life after he had assumed total powers in the "White Revolution" referendum of January, 1963. The Majlis, the Lower House, was reduced to being a rubber stamp for the whims and fancies that caught his attention.

Though it attempted to reproduce a Westminster style two-party system, the opposition never really got the hang of how it was supposed to oppose policies and at the same time remain loyal. If the late 1940s and 1950s had been fractious and chaotic in terms of parliamentary politics, the subsequent period of fast economic growth was marked by serenity. Then, in March, 1975, the Shah shifted tack once again. He had tired of the non-dialogue in Parliament and wanted to create an institution that would outlive his reign and provide the basis for a smooth transfer of power to his son.

Rastakhiz, meaning resurgence, was yet another attempt to create from above a political structure that should have grown upwards from the grass roots. The party was top-heavy and, for almost everyone, irrelevant except as another channel of influence. With the crisis on top of him the Shah finally abandoned the farce, promising free elections for all contenders (except the Communists) in the summer of 1979.

The effect of the liberalisation programme which meant in practice a freer Press, tolerance of so-called constitutional opposition and the slackening of SAVAK control was disastrous for the Shah. He knew there was a head of steam to be let off, but had little idea of the personal hostility towards himself. He had been lulled into a false sense of security by the myth of a beloved ruler created by his acolytes, and it was a myth he chose to believe, fiercely lashing out at "traitors" and "people could not be Iranians" because they chose to differ.

To what extent the Shah was misled by his immediate circle of advisers is a matter that for a time engrossed Tehran watchers. There must have been some truth to the suspicion. The Shah said as much, referring particularly to SAVAK. But he had at least three quite separate intelligence channels, and turned a blind eye to the widespread corruption, not least among his own close relatives.

Their influence peddling and acquisition of enormous wealth, especially in land, constantly rankled with those who were aware of what was going on. But since the Shah had concentrated power in his own hands for so long, it is hardly surprising that he should have been held directly responsible for all the recent ills of Iranian society.

Parallels have been drawn between the downfall of Louis XVI of France in 1789 and that of the Shah. They are not inappropriate. Prince Gholam Reza, the Shah's brother and owner of much of the city of Isfahan, told its citizens at a public meeting last year that one way to solve the traffic problem was for Isfahanis to learn to fly their own light planes. One is reminded of Marie Antoinette's question why the breadless did not eat cake. At a time when illiteracy is still over 50 per cent and housing in acute shortage, Gholam Reza's suggestion was not well received.

The dilemma for the western powers is that they have been caught out on the Shah's island with their bridges burned behind them. The movement to bring down the Shah has interrupted regular oil supplies from their second-largest supplier for over three months and thrown into question the reliability of future deliveries. General assurances have been given by opposition figures to the West on oil sales. But with nationalistic feelings running so high, the future of the BP-led western consortium that used to produce and export much of Iran's oil must also be in serious doubt.

The consortium will have switched to alternative, albeit temporary, sources of supply, but will want to come to terms with whoever Iran's new rulers are to be. Iran for its part, in the midst of a very serious financial crisis, will be desperate to sell every barrel it can once Ayatollah Khomeini gives the word for the re-start of exports.

Strategic uncertainties rank high in the worries of the chanceries of western embassies in Tehran. The central argument for defending the Shah for so long was that he was a steadfast supporter of western interests, who saw eye to eye with London and Washington on almost every foreign policy issue from the Gulf to southern Africa. After Britain's withdrawal from the Gulf in 1971, Iran was armed and encouraged to take on the role of regional policeman, with or without the co-operation of its Arab neighbours. Now yet another dependable ally along the underbelly of the Soviet Union has gone.

Iran's experience under Mohammed Reza Pahlavi contains many lessons. For the West, it shows the dangers of assuming that a strategically crucial country can be taken for granted by just dealing with its ruler and ignoring its people. For other countries as varied as sternly socialist Algeria and monarchical Saudi Arabia comes the lesson of what happens socially when development is pushed too ruthlessly.

One theme that has run throughout this Iranian tragedy is that of land. It was land reform which threw up an unknown clergyman, now the Ayatollah Khomeini, as a symbol of opposition—not to modernisation as such but to the monarch's grab for power.

Land reform also produced a new industrial aristocracy which, when associated with a wholesale westernisation and the swamping of traditional Iranian values, became a further target for dissatisfaction. Land speculation in the mid-1970s forced up rents and the price of houses to impossible levels for ordinary people. High food prices also added to the other problems of rural migration and the destruction of agriculture.

Despite all the warning signs, the sudden collapse of the economy which until the end of 1976 had maintained a growth rate about 10 per cent, caught everyone by surprise. Once strikers really applied pressure in key areas such as central banking and, of course, the oilfields, theirs proved perhaps the most effective weapon to bring the Shah to the realisation that he had to go if his country was to be saved.

In the end the Shah's seemingly unshakable rule collapsed because he ignored the basic concept of monarchy in Iran. The position of Shah is not conferred endlessly on the son of each ruler. It depends on the one hand on having the strength to seize and hold the position. On the other it depended more on continuing success. Mohammed Reza ultimately failed comprehensively—and, as would happen in any western parliamentary democracy, his constituents threw him out.

THE PAHLAVI DYNASTY

Mohammed Reza

Reza Shah

1919 Mohammed Reza born.
1921 Reza Khan marches on Tehran: appointed War Minister and takes control of Government.
1923 Becomes Prime Minister.
1925 Qajar dynasty ended by vote of Parliament.
1926 Reza Shah crowned.
1941 Abdicates and is exiled to Mauritius. Mohammed Reza succeeds.
1944 Reza Shah dies in South Africa.
1953 Young Shah in exile after conflict with Dr. Mossadegh.
1955 Shah increasingly involved in Government.
1959 Marries present Empress, Farah Diba.
1960 Birth of Crown Prince Reza.
1963 So-called White Revolution approved by referendum. Serious riots by political and religious groups. Shah assumes total power.
1971 Persepolis celebration of 2,500 years of Iranian monarchy.
1973 Arab-Israeli war and subsequent quantum leap of oil prices.
1974 Fifth Five-Year Plan doubled to $70bn.
1977 Mounting dissent among intellectuals. Prime Minister Hoveyda dismissed after unprecedented 12 years in power.
1978 Religiously inspired popular opposition to Shah flares up for first time in 15 years leading to almost constant unrest. Several thousand dead.
1979 Shah leaves Iran apparently in effect ending Dynasty.

MEN AND MATTERS

Every firm should have one

Relations between industry and politicians will scarcely be improved by the results of a survey by Market and Opinion Research International (MORI). This has found that 69 per cent of MPs think that British managers are not as effective as their overseas competitors; some also believe that to remedy this every company should have a politician's wisdom on tap at all times.

Wisely perhaps, no one has consulted managers in industry on their views of politicians. But MORI, which questioned 100 MPs, also asked the politicians for their ideas on how the relationship with industry might be improved.

Amid a number of worthy suggestions, reprinted in the survey, come more than a few displaying a decided touch of self-interest on the politicians' part.

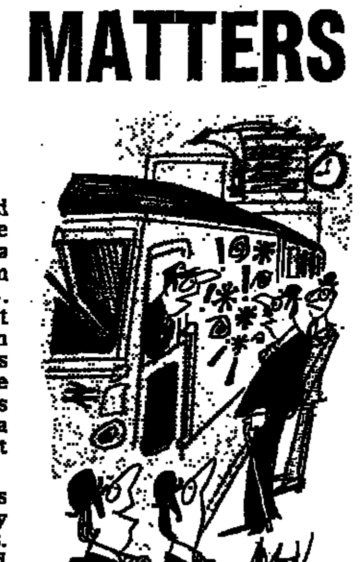
One Conservative MP said: "Every company should employ an MP to help keep them in touch." From the Labour side came this impartial advice: "Get MPs involved in industrial affairs by offering them part-time jobs as consultants or directors."

A Labour Minister thought industry should involve MPs in an imaginative way — such as sending them abroad to "see the story of goods being sold."

One Labour MP, however, had a more jaundiced view of his colleagues. He though small groups of industries should arrange for parliamentary lobbying to explain their difficulties in simple language; he suggested that this should be done before dinner, not after. As for MPs' business understanding, he commented: "Quite honestly, 70 per cent of them cannot understand the compilation of the balance-sheet or statement of accounts."

But perhaps the most straightforward recommendation came from a Conservative MP: "Pay them. MPs are extremely busy, but they will pay attention if you put them on the payroll—not, of course, for doing nothing!"

Of course not.



"I see Maggie's great debate has begun!"

Summing up

Yesterday's confirmation that Whinney Murray and Turquands Barton Mayhew are to merge gives us a new Number 3 in the accountancy league table. Or so the new partners would have us believe. Their calculations are based on total numbers of staff and partners. But when it comes to fee income, the new firm — like all others in the profession — keeps a closed book: "We don't disclose that, I'm afraid, a Whinney partner, Billy Corbutt, told me.

Typically, Corbutt says the firm will publish its figures when all the rest do. here was, he said, no agreement on what turnover meant. Having heard stories of accountancy partners earning up to £250,000, and not uncommonly around £70,000, I was curious to know what sort of income the new partners would enjoy. "Go," said Corbutt, cheerfully, "take a running jump."

Electronic eyes

THE gradiosely-titled advisory council set up by Honeywell's British subsidiary last year was said to be aimed at giving help in policy-making and to provide the directors with an independent viewpoint. But Christopher Chataway, the council's chairman, tells me the members think the innovation has given them as much value as they are putting in.

"There is an element of self-interest, says Chataway, a former Tory minister who is now managing director of Orion Bank. He believes that leaders of indusrty more and more need to keep on top of developments in data processing, control systems and the whole electronic revolution. "We have to see this particular ball game at rather closer quarters," he says.

The council had its latest meeting last week. Among its members are Mr. Austin Pearce, chairman of Esso, Dr. John Powell, vice-chairman of EMI, and Air Marshal Sir Peter Horsley.

Chatawayw as discreet about topics on the agenda. But other computer companies could assume that a lot of time is given to the implications of the EEC's requirements for a freer market by the end of 1980, and the outlawing of single tendering.

Partners' playtime

While the pundits continue to bicker about industrial democracy and the form it should take, the John Lewis Partnership—one of the few organisations to make it work in practice—is already moving on to loftier areas of enlightenment.

The *Gazette*, the partnership's version of a Chinese Democracy Wall, has been awash with characteristically anonymous partners' letters criticising, questioning, and more usually praising the idea of "long service leave" put forward by chairman Peter Lewis.

To mark the partnership's half-century this year, Lewis has suggested partners with 25 years membership should be given a week's holiday for every year of service. About 100 partners would qualify each year, according to Lewis' calculations, although the precise details—in fact the scheme as a whole—will not be decided until the central council meets on February 5.

Lewis has been busy answering the letters, some of which suggest heady refinements like "loaning sabbatical partners to industries wishing to explore forms of industrial democracy"—an indication, perhaps, of just how unusual the scheme would be in a country where generous leave is almost unknown outside universities.

In Australia, by contrast, most employees are now entitled to at least 13 weeks paid leave after 15 years continues employment with one firm. It is known, I am told, as "survivors' bonus."

Plumb's line

The farmers of East Anglia can expect to have their grievances well aired in foreign parts if Sir Henry Plumb achieves his latest ambition. The National Farmers Union president has been short-listed for the Tory nomination to the European Parliament for the Cambridge constituency.

Also on the list is Sir Fred Catherwood. But although Sir Fred lives in Cambridgeshire, he is at a disadvantage against Sir Henry through being more identified with factories than farms. Plumb might prefer a constituency nearer the West Midlands, where be lives, but if he gets through at Cambridge his roots will be deep in NFU soil.

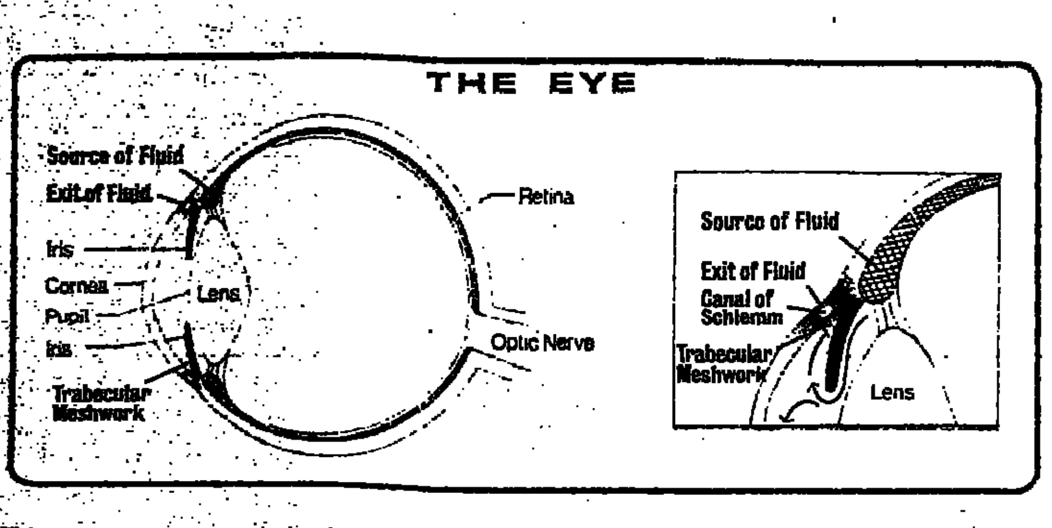
Observer

Glaucoma: a treatment without tears

BY DAVID FISHLOCK, SCIENCE EDITOR

CLERMONT-FERRAND, in the heart of France, famous as the headquarters of the Michelin tyre company, is also the home of one of the world's most famous research centres for eye diseases. Budding French opthalmologists, who must submit a thesis before they can qualify, invariably head for the library of Les Laboratoires Chibret; just as eye specialists the world over come here to learn the latest wisdom on every affliction from total blindness to squint.

None of these visitors will be surprised by the news that Chibret—as they know it—has played a big role in what could turn out to be the most important advance for several decades in the treatment of a major cause of blindness. Last week the first commercial version of a new kind of eyedrop for treating glaucoma—a disease about as common in Britain as diabetes—became available to British doctors.



Research empire

Chibret was founded in 1902 by Paul Chibret, who also helped to set up the French Society of Opthalmology, which today has 3,000 members.

Since 1969, the laboratory has been part of the international research empire of Merck, Sharp and Dohme (MSD), the U.S. pharmaceutical group. But it retains much of the independence associated with its founder, whose startling collection of primitive wooden masks—some vividly depicting eye afflictions—adorn its foyer to this day.

In 1947 it discovered pilocarpine, one of the most important drugs for treating glaucoma. Glaucoma is caused by the gradual build-up, over many years, of fluid pressure in the front of the eyeball.

This pressure, transmitted across the eyeball, crushes the optic nerve, gradually narrowing the victim's field of vision—"tunnel vision"—and eventually often blinding him altogether.

Much the most prevalent variation of this disease is known as chronic open-angle glaucoma. Its cause is still not known; but if the accompanying sketches of the eyeball are referred to, the trouble appears to start in the sharp angle between cornea and iris round the front of the eye. The clear fluid, or aqueous humour, which fills the front of the eyeball is constantly being renewed, and overflows through a meshwork of tissue filling this angle, to drain away through the canal of Schlemm into the back of the throat. Medical scientists believe that the trouble begins by a "silting up" of this meshwork, so that fluid has difficulty draining away.

Whatever the precise mechanism, however, the effect is to increase steadily the pressure from 10-20 mm of mercury to 30 mm or more. The front of the eye may feel quite hard to touch. This pressure is transmitted through the lens and the clear jelly—vitreous humour—filling the body of the eyeball. Gradually it crushes the fine capillaries feeding blood to the optic nerve, and causes the nerve to wither. Untreated, it often ends in the need to remove the eyeball. Pilocarpine causes the angle between cornea and iris to open, improving the drainage.

But glaucoma presents an unusual problem for the doctor, in that the *patient* is not at first caused discomfort by his or her disease. The intra-ocular pressure which leads to glaucoma can continue to rise for many years without the victim being aware of his trouble—until the day he walks into a lamp-post or finds that he is driving badly at night. There is no pain or distress to warn him that it is time to be treated—no "participation in his disease," as the doctor puts it.

On the other hand, drugs such as pilocarpine, used to control the raised pressure and which must be taken unremittingly for the rest of the life of the patient, can themselves cause pain, discomfort and visual upsets. They can sting some eyes unpleasantly, cause blurring of vision and even night blindness. In these circumstances doctors have great difficulty persuading their patients to treat themselves conscientiously with eyedrops four times a day.

As a result, glaucoma is a fairly common disease. According to Dr. Peter Roylance, UK medical director of MSD, over 50,000 people in Britain are being treated for the disease, while more than ten times as many have raised intra-ocular pressure which if untreated will lead to the disease. There is also a genetic factor—the disease tends to run in families.

Irreversible

And Blacks are three times as likely as Caucasians to contract the disease. In Britain and the U.S., glaucoma is the second biggest cause of blindness after cataracts: bigger than retinal disorders. It is irreversible, but can be treated and kept under control if caught early enough.

At MSD's research headquarters at West Point, New Jersey, Dr. Irving Katz, responsible for opthalmological research, set out to find a drug that would control glaucoma without the unfortunate effects of the time-honoured treatments. His specification called for a drug as efficacious as pilocarpine but non-irritating, undisturbing to vision, and having no anaesthetic effect on the eyeball. (There have been cases of people with anaesthetised eyeballs getting grit in their eyes and, because they were unaware of it, suffering considerable damage to the cornea.)

The search focused on the possibility of using an antihypertensive, the kind of drug known as a beta-andrenergic blocking agent or "beta-blocker" and used to treat raised blood pressure. Several companies had begun to pursue this lead. But what was needed to pursue it systematically was a good animal model of glaucoma for laboratory experiments. Chibret researchers led by Dr. Jean Claude Dourzec, research director, produced such a model, using an enzyme called alpha-chymotrypsin. Injected into the back of the eyeball of angora rabbits, it can raise intra-ocular pressures and cause glaucoma in a matter of months. At last the scientists had a convenient way—pop-eyed rabbits—of testing drugs designed to reduce pressure.

Armed with this new research tool Chibret began to test an anti-hypertensive drug the parent company had already patented, called timolol maleate. By 1974 it had established its efficacy in reducing intra-ocular pressure. It acts by reducing the flow of fresh aqueous humour. Several years of painstaking experiments followed, to establish its safety for patients.

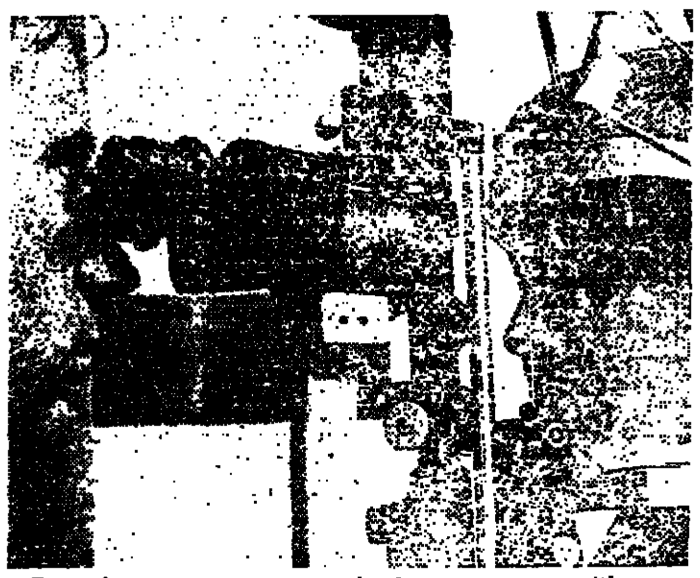
At least two other pharmaceutical companies, ICI and Sandoz, have "beta-blocker" type of drugs under development for treating glaucoma, but have still to satisfy national drug safety authorities. The only one cleared is MSD's timolol maleate opthalmic solution, trade-named Timoptol. Safety experience so far shows it to be "extraordinarily safe" in the view of one French toxicologist. A French clinician with two years' experience of treating the people of Clermont-Ferrand itself finds the "side effects are clinically insignificant." The drug has now received safety clearance in several other countries besides Britain, including the U.S., France, Switzerland and Holland.

Dr. Katz, the key figure in the development of Timoptol, sees it as "a major contribution to glaucoma therapy, not only in treatment but in helping us to understand and prevent the disease." He admits, however, that clinical trials on some 2,000-odd patients in Europe and the U.S., while showing that the disease can be brought under control in a high proportion of cases, has failed on about 5-8 per cent of patients. But the signs are not that they are resistant to the drug altogether—rather that they respond inadequately.

A remarkable new factory at Mirabelle, a few miles from Les Laboratoires Chibret, is now manufacturing the drug under laboratory-like conditions. It reaches the patient in a novel kind of drug dispenser: a small plastic eye dropper designed to deliver a very precise quantity of the drug, normally twice daily, no matter how hard the patient squeezes. Cost is put at only 9-10p a day.

Still being tested is a more ingenious dispenser in the *shape of a small rod of plastic* saturated in the drug. This rod, about 1.25 mm in diameter and 4-6 mm long, is slipped into the relatively insensitive sac beneath the eyeball, where it dissolves over 24 hours, steadily releasing its drug.

It may be hard to believe that anyone could tolerate a foreign body of this size in the eye. Yet opthalmologists say that sometimes a contact lens will get "lost" in the sac unbeknown to the wearer.


Preparing to measure a patient's eye-pressure with one version of the tonometer.

Simple test

Glaucoma, then, is a "silent" disease which may be developing for a decade without pain or warning for the victim. But it has one compensating factor in that, to quote Dr. Katz, "in no other area of medicine is there so accurate and simple test for the disease."

Col. R. H. Elliot, a London opthamologist, writing on the diagnosis of glaucoma over *half-a-century ago, said that the* student of upthalmology was being trained to use an instrument called the tonometer, designed to measure intra-ocular pressure, "just as naturally as he does the thermometer." He warned sternly: "The opthalmologist who does not do so fails in his duty to his patients and is an anachronism."

Theoretically, everyone should be screened at intervals for glaucoma, as for certain other diseases. In practice, for most people, says Dr. Gordon McLure, an opthalmologist with the Teesside Hospital Group who also teaches at the University of Aston, the time to be tested is when an eye-test for glasses is needed anyway, which for almost everyone is by the mid-40s. It is part of the training of opthalmic opticians in Britain to test for intra-ocular pressure. Moreover, the test—like the eye test itself—costs the patient nothing under the National Health Service, and is normally repeated at regular intervals once spectacles are being worn.

Letters to the Editor

Rapid inflation in costs

From Dr. J. Veverka

Sir,—Your article of January 10 dealing with the Singer's Clydebank plant illustrates well the process of disindustrialisation in the British economy. It also raises one crucial question: can such a disindustrialisation be halted or even reversed by the growth in one or several industries such as electronics, assuming that the present Government support and financial aid will lead to such a result?

The world market for industrial sewing machines has been growing over the last 20 years at an annual average rate of 5.6 per cent, which is faster than many markets for traditional industrial products. Over the same period Singer's output has declined at a rate of 1.2 per cent and the labour force at 5.5 per cent per annum. Had Singer been able to keep at least its share of the market even a substantial increase in productivity would have been compatible with a stable or even rising labour force. Whatever the reasons for the decline one indicator makes such a decline inevitable in a competitive world: the inflation in production costs which has been running at 9 per cent per annum. No economy can continue offsetting such cost inflation by a corresponding devaluation of the currency.

The example of Singer is not unique. Many other industries (the car industry, for instance) show the same developments: on the one hand stagnant or declining output and the ensuing retreat from the world markets, and on the other the inflation in production costs. Will the process of disindustrialisation be halted or even reversed by a fast development of one or a few selected industries? By definition the bulk of industrial output consists at any given moment of traditional products and new products contribute only a small fraction of the total output. Therefore their contribution to the overall trend is necessarily limited, and will remain so for a considerable period. Thus the products of traditional industries not only constitute the most important element in the total output but they also represent the most important market for the products of the newly developed electronic, or specifically micro-electronic industry. The two most important markets for microelectronics will be car and consumer electronics industries.

But if disindustrialisation continues at the present rate these industries may follow in a not-too-distant future the example of Clydebank, and the beginning of the process has already well set in!. Growth in electronics cannot in itself reverse the process and might even prove very difficult if potential users themselves are in decline. The programmable sewing machine will not save Clydebank but the U.S. plant.

The conclusion then must be that the industrial development of a country is indivisible and cannot be limited to one or a few selected industries. The industrial climate at present in Britain is simply not favourable to economic growth. We hope to be able to isolate in our study the factors which are favourable to such a growth. But one factor will not be among them: the rapid inflation in industrial costs as experienced at Clydebank.

(Dr.) Jindrich Veverka.
Lane End House,
London Road,
Leicester.

Taxing social security

From Mr. C. Dilloway

Sir,—David Freud's news analysis on taxing social security benefits (January 9) examines the economic and social consequences of such action. I would make no comment on those aspects.

Where the analysis is weak is in its consideration of the operation of the PAYE system. The sensible way to tax benefits is for the Department of Health and Social Security and the Department of Employment to act as "employers" and for their computers to deduct tax against code numbers in the same way as any other employer.

The disadvantage is that each spell on benefit would generate an additional P45 form issued at the termination of employment. It is the P45 that maintains the continuity of tax deductions from employer to employer throughout the tax year. The 10,000 extra Inland Revenue staff would be required to process these P45's not to actually deduct the tax.

There is one advantage however. At the present time the Inland Revenue has to pay tax refunds to those not working on the P45 figures. These refunds would be made automatically by a social security benefit paying employer.

Civil service delay is solely due to the vast numbers involved. For the unemployed alone the task is the equivalent to taking 1.5m new employees on to the payroll, all at one time. Too many deserving cases would suffer too much if that operation were not very carefully planned indeed.

If employers were required to pass on social security benefits and operate PAYE for their legally terminated employees the load would be spread and there would be no extra P45's. Until the Inland Revenue's computers are ready the employers' PAYE function could be readily met by private enterprise for those cases that for some reason had no last employer. Such a system could be implemented quite quickly, given the political will.

Cliff Dilloway.
Highcroft, Gunhouse Lane,
Bowbridge, Stroud, Glos.

Reforms needed

From Mr. K. Winckles.

Sir,—One of the benefits which may emerge from the current wave of industrial labour problems will be the demolition of the widely-held myth that only Labour Governments can effectively deal with trades unions. What is seldom so widely claimed is the price we all pay for them pretending to do so. At least when the next election is held, any such claim will be seen to be the sham it has always been.

The second benefit may be the general relaisation that, since neither political party has yet found a sound solution, the problem must be essentially in the imbalance in our society arising from the power of organised labour—and the possession of power is, usually, too tempting not to be misused sooner or later. Hopefully this realisation may led on to general public acceptance of badly needed reforms (some referred to Sir Leonard Neal and Mr. J. English on January 12.

The third benefit may be a growing realisation that trying effectively to operate a mixed public and private sector economy such as we have constructed in the UK is probably close to an impossibility in the long term. If the disciplines of the market place are removed (and other disciplines for that matter), what can replce them in a community dependent upon remaining internationally competitive? There would seem to be either drifting further towards an East European type economy (not too much encouragement there for free collective bargaining) or a gradual return to a more healthy market economy, probably involving changes in some of our nationalised service practices—especially medicine.

I believe it to be unlikely that any long term wage policy can be constructed on norms, calculated pay differentials, national grading schemes and similar methods of trying artificially to simulate the market. Politicians always believe they can control markets. They never will. Therefore, it is necessary to restore disciplines where they matter: in certain areas requiring legislation to protect the law-abiding citizen from threat or duress, supported by the full impact of the economic price for disruption by ensuring the early weeks of strike or withdrawal of labour have to be financed by the unions themselves and not by all of us, the victims: and, if necessary, by immediate government reaction to balance the community damage by complementary adjustments on public expenditure (not threats to do so) and increased indirect taxation, which can be seen as a clear consequence of the strike action, thus avoiding inflationary financing by the Government printing machines.

Kenneth Winckles.
Moor House,
Fishers Wood,
Sunningdale,
Ascot, Berkshire.

The law on picketing

From Mr. E. Foottit.

Sir,—Among many suggestions you will receive for amending the law relating to picketing, my opinion is that there can be no prospect of peace until the words "seeking to persuade" are substituted for the word "persuade" in the relevant clause in the 1974 Trade Union and Labour Relations Act: which would then read "or peacefully seek to persuade any person to work or abstain from working." To persuade is a never ending operation until it succeeds; it is that that makes it so terrifying.

E. H. Foottit.
23 Bayley Lane,
Coventry.

Growth of energy

From Mr. J. Taylor

Sir,—It surprises me that you should consider lack of growth of energy use a bleak forecast (January 11). Surely if economic growth can continue without energy growth this is a great achievement, and shows major progress on a new road of planned energy use. Anyone who has taken time to study the energy situation will be in no doubt that continued growth in energy supply will cause unprecedented and severe changes in future social and economic orders. This, I would have thought, is bleak.

Julian Taylor.
Hillside, Parkgate Road,
Newdigate, Surrey.

Nuclear power

From the Deputy Managing Director, British Nuclear Fuels

Sir,—The National Coal Board is reported (Jan. 12) as proposing the abandonment of the present modest plans for the future expansion of the nuclear industry. The argument appears to rest on the view that such a course would avoid problems with the environmentalist lobby and that we should forego the substantial economic benefits from nuclear power, and its better safety record than coal-fired plants, in order to achieve "peace."

If this is the NCB view, it is distressing for its naivety. One has only to look at the opposition by the environmentalist lobby to coal-fired power stations in the U.S. and their attitude to the Vale of Belvoir proposals for evidence. To abandon nuclear power would merely give the environmentalists massive encouragement to seek then to prevent the creation or replacement of coal-fired plants as another step towards coercing the population into their particular narrow view of an Utopian society.

D. G. Avery.
Risely, Warrington

Engineers and design

From Mrs. J. Woolard

Sir,—Mr. Kenneth Corfield's report (January 11) confirms the statistical evidence that too few engineers ever make it to the boardroom. It is common knowledge that in the U.S. world leaders in design, production and technology, engineers form 90 per cent of top management; in Britain they represent less than 30 per cent.

How can lawyers, accountants, even economists, decide the merits of any design? Their training is irrelevant to such judgment, yet these are the professions most frequently represented on every British board. The list of questions provided by Mr. Corfield in the search for the optimum product design, are the routine questions every professional engineer is trained to answer. Usually, if it looks good, it is good, and simplicity of design usually pleases everyone, especially the accountant.

It appears to be a common fault that so few appreciate that a good engineer is also a good economist and the reverse rarely true. It is also a comparatively simple matter for a bright engineering student to learn how to read the bottom line and how to register a patent. How many accountants or lawyers can make anything worth selling?

Mrs. Joan Woolard.
23, The Middlings,
Sevenoaks,
Kent.

Today's Events

GENERAL

Confederation of British Industries monthly meeting.

Standing conference of Employers of Graduates statement on supply and demand in 1979.

Sir Neil Cameron, Chief of the Defence Staff, speaks on defence—the issues of the day, at St. Lawrence Jewry next Guildhall, 1.15 pm.

M. Jean Francois Poncet, French Foreign Minister and chairman of the EEC Council of Ministers, reports to European Parliament in Strasbourg on Foreign Ministers' meeting.

U.S. Treasury sells $1.2bn of Swiss francs demoninated notes.

German Cabinet debates future of shipbuilding industry.

Mr. Chamanand Kriangsak, Prime Minisetr of Thailand, on four-day visit to Japan, meets Prime Minister Ohira.

Greenland holds referendum on home rule.

Stockbrokers in Italy begin two-day strike.

U.S. and USSR negotiators reconvene at Soviet Embassy, Geneva, for SALT talks.

Sen. Marcelino Oreja Aguirre, Spanish Foreign Minister, arrives in Moscow for three-day official visit.

Henley Centre for Forecasting one-day seminar on forecasts for corporate plans to 1984, at Carlton Tower, SW1.

Sir Kenneth Cork, Lord Mayor of London, lunches with Board of Samuel Montagu, Old Broad Street, EC2.

Pipeman of the Year lunch, Savoy Hotel.

House of Commons. Remaining stages of House of Commons (Redistribution of Seats) Bill.

House of Lords. Debate on "continuation of conditions unfavourable to the creation of wealth and the recovery of British industry." Deer Bill, committee stage. Question asking what plans the Government has to increase the National Insurance Death Grant, unchanged since 1967.

Select Committees. Science and Technology, Genetic Engineering Sub-committee on public policy issues of DNA. Witnesses: Genetic Manipulation Advisory Group. 10.30 am. Room 15. Expenditure, Social Services and Employment Sub-committee on perinatal and neonatal mortality. Witnesses: DHSS. 4.30 pm. Room 16. Overseas Development on UK aid to India. Witnesses: Alan Leather of Ruskin College, OXFAM. 4.30 pm. Room 6. Expenditure, Environmental Sub-committee on redevelopment of London docklands. Witnesses: GLC, Docklands Joint Committee, various London boroughs. 4.30 pm. Room 15. Expenditure, Trade and Industry Sub-committee on UK domestic air fares. Witnesses: Civil Aviation Authority. 10.15 am. Room 16. European Legislation on medical and public health R. and D. Witnesses: DHSS. 4.15 pm. Room 5.

OFFICIAL STATISTICS

Department of Employment publishes basic rates of wages and normal weekly hours for December, and monthly index of average earnings for November.

PARLIAMENTARY BUSINESS

For details and Select Committee meetings, see page —

COMPANY RESULTS

Final dividends: Anglia Television Group. Brooke Tool Engineering (Holdings). Countryside Properties. Finlas Holdings. Henlys. Lookers. Scottish American Investment Company. United States and General Trust Corporation. Whatlings. Interim dividends: Amber Day Holdings. City of Aberdeen Land Association. Magnet and Southerns. J. Saville Gordon Group. Stock Conversion and Investment Trust. Interim figures: Leigh Mills Company.

COMPANY MEETINGS

Hanson Trust. Abercorn Rooms. Great Eastern Hotel. EC. 11.30.

Trident TV well ahead with best ever £9.92m

WITH SECOND half re-tax profits ahead from £3.55m to £5.25m, Trident Television ended the September 30, 1978 year at a record £9.92m, compared with the previous year's £7.16m. Turnover rose £4.82m to £65.36m.

At midway, the directors said that since March the exceptional growth in revenue had shown signs of slowing, but they were confident that the company would achieve a substantial advance on last year's performance.

After tax of £4.65m (£4.01m) and £23,000 minority losses last time, attributable profits for the year advanced from £3.17m to £5.27m.

Stated earnings per 10 share are 8.9p (8.7p) before extraordinary credits of £906,000 (£462,000 debits) and 10.8p (7.6p) after. A final dividend of 2.227p lifts the total payment from 2.829p to 3.159p net.

Net assets per share are shown at 46.8p (38.7p).

The directors state that uncertainty about the industry continues and they hope that the coming year will see some positive government decisions which encourage and justify the heavy investment programme on which the company has embarked.

The prospects for advertising revenue in 1979 are once again very reassuring.

Although Trident cannot hope for the spectacular revenue increases of the last two years, the current estimates give the directors every reason to believe that so long as they continue to control its costs effectively, the company will show further all round progress.

● comment

Trident Television, like the other TV contractors, has had a bumper year. The continued rise in advertising revenue has led to a profits jump of 38 per cent. But, also l-ke other contractors, Trident now has the problem of what to do with all the money it is accumulating. In the last annual accounts it already had just under £10m and since then it has disposed of its Australian business for about £3m and made attributable profits of £5m. Last year it spent some £2m on its UK business and slightly more than that on property. However the major expenditure could come this year. Trident is aiming to stay in the TV business it knows and hopes to expand geographically to the U.S. Performance of the shares, up 1½p at 53½p yesterday, may depend on how well the expansion move, when announced, is regarded. Meanwhile the yield is 9.2 per cent.

McMullen advances to £1.98m

PRE-TAX profits of McMullen and Sons, the Hertford brewer, advanced from £1.52m to £1.98m in the year to September 30, 1978, on turnover ahead from £11.39m to £12.63m.

The figures reflect further improvement in the second half after interim taxable profits of £834,000 against £672,000.

Tax takes £889,891, compared with £801,239, and there are extraordinary credits of £137,002, against £61,103.

The final dividend of 1.5p per 25p share lifts the total from 2.7p net to 3p. Stated earnings are well up from 18.18p to 25.66p.

Western Board confident

AN INCREASED profits forecast is made by Mr. H. H. Vogel, the chairman of Western Board Mills in his interim statement. Mr. Vogel says October and November sales and profits continue to show the rising trend of the first half's results.

He adds that he has little doubt that profits for the year will be ahead of last year's £923,000 on £2.95m turnover.

At the halfway stage to September 30, 1978, the group turned in pre-tax profits of £548,000, against £423,000, on turnover up from £1.34m to 1.59m. The profit figure includes the losses on the sale of investments, but excludes the results of Turner and Co. (Cardiff).

Turner, a waste paper collecting and processing company, was sold to Severnside, a subsidiary of Ashton Paper Mills, on August 25, 1977. Its results have been excluded from the half-year and year figures to present a fair comparison.

After tax of £295,000, against £206,000, attributable profit comes out at £253,000 (£217,000).

The interim dividend is raised from 1.2p net per 10p share to 1.4p. Last year's total was 3.7p.

The whole of the interim dividend on 3.15m shares in which Mr. Vogel and his children have a beneficial interest has been waived.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Allied Colloids ......int.	0.64	Mar. 30	0.58	—	1.69
Ellis and Everard ...int.	2.25	Mar. 19	2	—	5
Group Investors† ...int.	0.8	Mar. 6	0.72	—	1.9
Hales Prop. ....int.	0.9	Mar. 9	0.8	—	2.5
McMullen	1.5	Feb. 27	1.35	3	2.7
Property Security ...int.	0.5	Apr. 2	0.5*	—	1.39*
SGB	3.55	Apr. 10	2.75	6.3	5.25
Trident TV	2.23	Apr. 2	1.97	3.16	2.83
Western Board ......int.	1.4	Mar. 9	1.2	—	3.7

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights/or acquisition issues. ‡ Half-year results to December 31, 1978, to be announced shortly.

Allied Colloids sees over £5.2m for year

RECORD pre-tax profits are forecast by Mr. J. Dawes, chairman, of Allied Colloids Group for the 1978/79 full year.

In the September 30, 1978 half year profits moved ahead from £2.36m to £2.6m on external sales of £13.51m against £11.27m.

Sales for the third quarter were appreciably above the corresponding period and the chairman says it is probable this upward trend will continue in the final three months. Pre-tax profits for the second half, he says, should be in excess of those of the first period.

Profit for the 1977/78 year was down from a record £5m to £4.54m.

The interim dividend is increased to 0.644p (0.577p) net per 10p share, last year's final being 1.117p.

The group is a manufacturer of speciality chemicals.

● comment

Although the bulk chemicals industry is suffering from overcapacity, Allied Colloids' specialist niche ensures continued demand for its products. Following last year's hiccup—when two years of spectacular growth ended with a 9 per cent fall in pre-tax profits—the company now looks set to resume its upward curve. Margins at the half way stage are admittedly a fraction down but profits are a tenth better and sales, with virtually no price increases to help, are 20 per cent higher. With the encouraging noises about current trading as a spur, the shares closed 3p higher at 80p where the prospective P/E (assuming profits of £5m for the year and a full tax charge) is 14 and the yield 3.6 per cent. This is still a glamour rating and reflects the company's overall good record and ability to develop new specialities. At the moment the water treatment, pollution, paper and metals sectors are providing the growth. With such a high exposure to overseas sales, currency fluctuations provide the main worry though it is difficult to see sterling hardening appreciably.

Spencer Clark halved

WITH THE period being overshadowed by restricted selling prices and severe competition, together with group rationalisation, Spencer Clark Metal Industries reports taxable profits virtually halved from £303,739 to £157,239 for the year ended September 30, 1978. Turnover, including £2m from the Rotherham works, was well up at £8.23m against £4.71m.

At halfway profits had fallen from £122,000 to £55,000.

From January 1, 1979, all rolling has been concentrated on the Rotherham site, directors state.

They anticipate that this more efficient plant will provide an accelerating profit improvement during the current year, provided agricultural and commercial steel demand is maintained, even at its present low level.

Aerospace activities are buoyant, they add, showing a radical increase in business and they are confident of substantial growth in this area.

The dividend distribution is unchanged at 2.39p net per 20p share with a 1.43p final payment (same). Tax for the year took 61,623, compared with a £57,175 credit, leaving net profit at £95,616 against £360,914.

SGB tops £10m with good performance by UK side

AN "IMPRESSIVE" performance by all its four major operating sectors in the UK boosted pre-tax profit of SGB Group, the international construction plant and services concern, from £8.25m to a record £10.69m for the year to September 30, 1978.

At halfway, when profits were up from £3.5m to £4.43m, Mr. Neville Clifford-Jones, chairman, said the second half had started well and another good year was in prospect.

Overseas a lower profit in the Middle East offset by a good result in Holland and recovery in Australia and France enabled the profit total to be maintained at £1.62m.

Earnings per 25p share are shown up from 30.20p to 43.76p and the final dividend is raised to 3.55p. This lifts the net total from 5.254p to 6.3p—an increase of nearly 20 per cent but still within the permitted limits because the cover is still greater than in any of the previous five years.

Mainly due to the replacement and expansion of the group's hire equipment during the year the value of stocks rose from £22m to £33m, the directors point out.

The whole of this "significant" increase has been financed from retained earnings and outside borrowing without increasing the gearing.

Turnover in the 53-week year expanded from £79.7m to £93.8m and net profit progressed from £6.39m to £9.93m.

	1977-78 £000	1976-77 £000
Group turnover ...	93,805	79,736
Trading profit	12,292	9,836
Int. & divs. receiv.	62	164
Interest charges ...	1,662	1,753
Profit before tax ..	10,692	8,247
Tax	766	1,855
Profit after tax ...	9,926	6,392
Minority profits ...	431	138
Available	9,495	6,254
Dividends	1,372	1,088
Retained	8,123	5,166

● comment

While good full-year results were expected, SGB's 20 per cent increase in dividend pleased the market and the shares closed 5p higher at 180p for a yield of 5.3 per cent, while the p/e, based on earnings boosted by the low tax charge, is an attractive 4. For a company associated with the construction industry, the 30 per cent profits rise is impressive. This is largely due to a good performance at home, where repair and maintenance work, as well as DIY, are buoyant. Also, overseas profits are suprisingly good in view of the flat conditions in the Middle East while the big jump in minorities reflects the new contribution from Lomount's coal mining activities. The heavy expenditure on hire equipment will raise interest charges but overall prospects continue to be encouraging in spite of continuing dull conditions in the building industry generally.

Bridport warns on turnover

TURNOVER for the current half year will not now be as good as expected because the lorry drivers' strike has prevented the delivery and reception of goods, Mr. R. W. Holder, the chairman of Bridport-Gundry (Holdings) said at yesterday's annual meeting.

However, for the first five months of the year the group was ahead of its turnover budget.

The chairman also warned that the company could not pass on to overseas customers the kind of inflationary costs which were being talked about in other industries.

In the year to July 31, 1978 the group, which manufactures netting and cordage, turned in taxable profits of £781,000 (£854,000) on turnover of £12.39m, against £9.15m.

SHARE STAKES

Silentnight Holdings: Mr. K. W. Foster is to resign from the Board with effect from January 27, 1979, to devote more time to his personal business interests.

City of London Brewery and Investment Trust: Eagle Star Insurance now holds 55,000 of the company's 20 per cent preference stock 9.3 per cent. And London and Manchester Assurance holds 65,050 11.3 per cent of the said stock.

RANDFONTEIN & WESTERN AREAS

Full production has not yet been achieved at Randfontein's new Cooke gold and uranium plant, largely because of corrosion. But it is stated in the mine's December quarterly report that "steady progress" is being made. Even so total milling at the mine's two plants advanced in the quarter to 774,000 tonnes from 482,000 tonnes.

Because of the increased throughput of low-grade gold ore there was a decline in recovery grade, but total gold production was still higher. This coupled with a rise in the gold price received to $220 per ounce from $203, has produced a fresh advance in Randfontein's earnings.

Western Areas has produced less gold and suffered higher costs in the December quarter as a result of an underground fire and a shaft accident. But thanks to an exceptionally high gold price received of $232 per ounce, profits for the quarter still show a good increase.

	Dec. qtr. R000	Sept. qtr. R000	June qtr. R000
Randfontein	24,520	19,913	18,357
Western Areas ...	8,319	7,086	7,314

Goodrich plea

B. F. Goodrich has entered a plea of no contest in U.S. Government charges that it filed false income tax returns for 1972 and 1973, reports Reuter from Akron.

Ellis & Everard second half prospects fairly encouraging

FOR THE six months to October 31, 1978, Ellis and Everard, distributors of industrial chemicals, reports a pre-tax profit of £546,000 and the directors see prospects for the second half as fairly encouraging.

With the building supplies division sold and minority interests in Ellis and Everard (Chemicals) re-acquired, comparisons between the two first-half periods are difficult. For the first six months of last year pre-tax profits turned in at £622,000.

After an extraordinary credit of £6,000 (£23,000 debit) and minority profits nil (£67,000), the attributable balance shows a 35 per cent increase from £196,000 to £264,000. A seven-week contribution from Domestic Chemical Company is included but no account has been taken of any profit earned by the building supplies division prior to its sale.

Earnings per 25p share are shown to have risen from 3.3p to 3.9p and the net interim dividend is stepped up from 2p to 2.25p. Last year's total payment was 5p from profits of £969,000.

	Half year 1978 £000	1977 £000
Turnover ..	10,595	21,062
Bldg. materials .	—	11,712
Fuel	—	627
Chemicals ...	10,595	8,723
Trading profit .	627	800
Interest ...	81	178
Profit before tax .	546	622
Tax ...	288	336
Net profit ...	258	286
Extraord. credit ..	6	*23
Minority profits .	—	67
Attributable	264	196
Interim dividend .	148	132

* Debit.

● comment

Comparisons are difficult at Ellis and Everard because of the sale of the building supplies division, the acquisition of Domestic Chemical and re-purchase of ICI's minority interest in Ellis and Everard (Chemicals). But after adjusting for these factors, the underlying profits growth during the first half is almost a tenth, with sales showing a rise of 20 per cent. The company is now exclusively engaged in the distribution of "small lot" chemicals (a market the larger chemical manufacturer are not interested in) but while sales have been buoyant, margins have been trimmed by cheap imports from mainly Germany, Russia and Scandinavia. The big intangible during the second half is the current haulage dispute, which is now starting to bite in spite of the group managing to find alternative sources of supply. Because of the dispute, pre-tax profits for the year might only deach around £1.1m, but even this depends on a reasonably quick return-to-normal. At that level the shares, at 95p, are on a p/e of over 11 while the yield is 8.9 per cent.

Property Sec. returns to profit

A turnround from a loss of £44,000 to an attributable profit of £78,000 is reported by Property Security Investment Trust in the six months to September 30, 1978. In the last full year the company made a loss of £215,000.

Gross rental income was up from £1.52m to £1.76m. Net property and investment income stood at £1.5m against £1.36m.

The net interim dividend is effectively maintained at 0.5p—last year's total payment was equivalent to 1.393p. The directors anticipate that the total dividend will be increased by 10 per cent.

Hales Props. forecast profits rise

RESULTS for the full year will show an improvement on 1978, say the directors of Hales Properties in their interim report. They add that in spite of th economic climate, sales at the Castle Bromwich development are continuing at a satisfactory level.

Pre-tax profits at th halfway stage to September 30, 1978 were ahad from £131,410 to £155,335 after interest down from £32,074 to £29,020. Sales fell from £413,314 to £260,000 while rental income rose from £124,131 to £140,393. Last year grou pre-tax profits were £278,000.

The directors of the group, engaged in development investment and property dealings in th Midlands, say the comparative half-year included sales mainly at Nuneaton where the profit level was lower than the Castle Browich development.

Tax takes £80,774, against £68,335. The interim dividend is lifted from 0.8p net per 25p share to 0.8993p, and stated earnings are up from 3.3p to 4p. Dividends last year totalled 2.4979p.

Zetters expands 68% and sees record year

ANNOUNCING A 68.5 per cent increase in pre-tax profits from £360,993 to £608,470 in the six months to September 30, 1978, the Board of Zetters Group states that record profits are anticipated for the full year.

Turnover increased 20.3 per cent from £3.86m to £4.64m after deducting £5.25m (£4.37m) for payments to pools winners, and betting tax.

As in previous years, it is not proposed to pay an interim dividend. However, the Board intends—Government legislation permitting—to increase the dividend substantially and, if it does so, next year to consider the payment of an interim dividend—last year's dividend was 1.298p.

The increased level of profitability achieved in the second half of last year was maintained during the first six months of the current year. The pools and bingo divisions contributed almost equally to the profits.

Historically, states the Board, the group has earned a larger proportion of its profits in the second half of the year, but as a result of the recent expansion it is anticipated that profits will now be more evenly spread.

Bad weather conditions have always adversely affected the group profitability, even so, record profits are anticipated for the full year.

Last year, pre-tax profits stood at £1.09m on turnover of £8.66m. Tax payable in the six month period is £316,400 (£187,800), leaving a net profit of £292,070 (£173,198).

ISSUE NEWS

Neil and Spencer expansion: rights and acquisition

A £300,000 lift in profits for the year ended November 30, 1978, a rights issue to raise £837,000, and the acquisition of Em. d'Hooge NV, a Belgian family business based in Ghent, are announced by Neil and Spencer, the laundry and dry cleaning equipment manufacturer.

The purchase price for d'Hooge will be £596,000 to be satisfied by the issue of 544,556 new ordinary 10p shares. Together with the new shares from the rights issue, this acquisition will lift Neil and Spencer's capital base from £320,000 to about £450,000.

In a further alteration to the capital structure, 350,000 deferred shares are to be converted into ordinary for the year to November, 1978.

Neil and Spencer's sales for 1977-78 were £5.1m better at £15.1m. Profits came out at £1.02m (£746,921) and tax is expected to absorb £370,000 (£313,550).

The Board, is recommending a final dividend of 3.55 per share on the increased capital which, together with the interim dividend of 1.15p makes a total of 4.7p (1.9965p).

The rights issue is 797,111 ordinary shares of 10p on the basis of one new ordinary share to holders of ordinary and deferred shares for every four already held.

The new shares will carry the right to receive the final dividend for the year to November, 1978 and in all other respects rank pari passu with existing ordinary shares. The new shares issued to pay for d'Hooge, however, will not rank for the rights issue or for the final dividend.

Proceeds of the issue will provide additional working capital for the development of the group, especially the acquisitions made in the past four years.

Sales by D'Hooge for the six months ended June 30, 1978, amounted to £2.88m of which over 70 per cent were exports and profits before tax for the same period were £73,000. Shareholders have been warranted that profits before tax for the year 1978 were at least £170,000 and that the net assets on completion will amount to not less than £596,000, including the subscription of new capital of £170,000 by the vendors which is a condition of the offer.

● comment

Although improved cash flow has helped reduce borrowings of Neil and Spencer, they are still roughly 50 per cent of shareholders' funds. So while there is little urgent need for the rights issue, the company will nevertheless benefit from a larger capital base and stronger balance sheet. Once D'Hooge's figures are consolidated, gearing is expected to be something over 25 per cent. Taking out an estimated £100,000 first time contribution from Spencer Jaxons, pre-tax profits are about 23 per cent better which reflects an all round improvement from the company's markets. Jaxons has been a successful acquisition providing a complementary range and allowing the group to sell a complete package of laundry equipment. Meanwhile, the D'Hooge buy is the first manufacturing venture outside the UK and will supplement Neil's laundry equipment business which is currently weaker than the dry cleaning side. Finally, the much publicised filter heating manufacturing outfit has been a little disappointing and after losses this time will do well to break even in the current year. The group's main markets, however, are still expanding and the shares at 135p are on a p/e (based on the new capital, an interest saving of £100,000 and profits included from D'Hooge) of 6.9 and a yield of 3.6 per cent.

NEW LIFE BUSINESS

National Provident writes £316m and holds most bonuses

Record new business results for 1978 are reported by the National Provident Institution with new annual premiums rising by 16 per cent from £13.6m to £15.8m and single premiums increasing by 24 per cent from £8.6m to £10.7m. New sums assured advanced by 30 per cent from £243.8m to £316.3m.

The company, in line with other life companies, recorded good business in the company pension field, with annual premiums 26 per cent higher at £3.8m and single premiums up 56 per cent at £3m. Ordinary life business also had a good year, boosted by the buoyant house purchase market, with annual premiums 37 per cent higher at £2.2m.

However, only a modest rise was achieved in the self-employed market, a sector in which NPI is a market leader. But this period of consolidation is to be expected after the tremendous rise in the previous year. But it does explain why the company had a lower than average rise for its annual premiums business.

Unchanged rates of bonus on most classes of individual life and pensions contracts has been declared for 1978 by NPI. On the series-life assurance contracts, issued on or after 1976, the rate is maintained at £4.25 per cent of the sum assured and attaching bonuses. On his series 1 contracts issued before 1976, the rate for whole life contracts is kept at £6.25 per cent of the sum assured, on endowments maturing at age 70 or above it remains at £5.75 per cent simple, for endowments at age 65 it is £5.50 per cent simple, maturing at age 60 it is £5.25 per cent simple and for endowments maturing at age 50 or below it is £5 per cent of the sum assured.

The rate for self-employed retirement plants remains at £6 per cent of the basic benefit and attaching bonuses for the current series and at £5.50 per cent compound for policies written before May 1, 1971.

Terminal bonuses on life assurance policies in series 1 and for the old self-employed retirement plans remain at £2.50 per cent of the sum assured or basic pension for each year up to and including 1969.

NPI has, however, increased the rate for 1978 on its pension contracts—the Visible Growth Fund and the Capital Pension Plan. This is now 5 per cent compared with 4½ per cent previous making the total interest rate 11 per cent per annum compared with 10½ per cent. This restores the cut made in the previous year.

Mr. Gordon Bayley, chief executive, says the company is aiming for a stable bonus policy. It is anxious not to put up the bonus rates and then have to reduce them again in a year or two.

A good year for retirement annuities is reported by The National Farmers Union Mutual Insurance Society with new annual premiums 74 per cent higher at £1.07m compared with £613,000 in 1977, and single premiums up 12 per cent from £874,000 to £979,000. However, new annual premiums on life assurances declined from 1.08m in 1977 to £960,000 last year. Net new sums also fell from £58.5m to £56.8m.

However, good business in life assurance in 1978 is reported by the Avon Insurance Company, a subsidiary of NFU Mutual. New annual premiums advanced by 80 per cent from £288,000 to £386,000, with net new sums assured rising from £21.7m to £26.3m. New annual premiums on retirement annuities nearly doubled from 41,000 to £79,000 and single premiums were 48 per cent higher at £49,000 against £33,000.

NFU and Avon are both lifting the interim reversionary bonus rate for 1978 on with-profit Pension Policies to £7.5 per cent from £7 per cent of the previous year. Terminal bonuses will continue to be paid this year on pensions arising under such policies. The rate of this terminal bonus will be 20 per cent, increasing by an additional 1 per cent for each year in force prior to 1970. The rate will be applied to all attaching bonuses.

However, both companies are keeping the interim bonus rate on ordinary life contracts unchanged—£4.5 per cent per annum for NFU and £5 per cent for Avon. The terminal rate is unchanged for both companies at 10 per cent, plus an additional 1 per cent for each year in force prior to 1970, the rate being applied to attaching bonuses.

New annual premiums in 1978 of the Royal Liver Friendly Society rose by 23 per cent from £6.04m to £7.43m, with most of the growth coming in the industrial branch. Here new annual premiums were 26 per cent higher at £5.84m compared with £4.63m in 1977. Premiums in the ordinary branch were only 12 per cent higher at £1.59m against £1.41m previously.

OIL AND GAS NEWS

Deminex to test Egyptian wells

Deminex, the West German oil company, is to put two wells in the Gulf of Suez into test production, according to official Egyptian oil sources, reports Alan Mackie from Cairo. The wells, S71 and S72, will use existing Gulf of Suez Petroleum Company (GUPCO) facilities on the adjacent Ramadan field, before being piped to GUPCO's storage terminal at Ras Al-Shuqair on the west coast of the Gulf of Suez.

The Egyptian authorities have paved the way for production testing by allowing Deminex to use GUPCO facilities. GUPCO is a joint venture between the Egyptian Petroleum Company and Amoco International.

The Egyptian authorities are keen to get as many wells into production as possible, and principally have their eye on Deminex's promising find further up the coast on the east side north of the Belayim field.

Deminex, which is the operator is a consortium with British Petroleum and Shell, has yet to announce whether it is to put the field into production. Doing so would mean installing facilities on the east coast of the Gulf of Suez for the first time.

The Egyptian General Petroleum Corporation has meanwhile sold two further lots in a rectangular block in western Sinai, to the International Egyptian Oil Company, an affiliate of ENI of Italy.

Blocks three and four are situated offshore from the north coast of Sinai and bring to nine the number of lots that have been sold in the 12-lot concession.

A spokesman for Deminex said final contracts were being drawn up and the wells should go into production in the first half of this year.

* * *

Gulf Oil is to abandon its Hudson Canyon NJ 18-3 well offshore Atlantic City after tests revealed no significant hydrocarbon shows.

The company spent $15m on the well, which is in Block 857, in 349 feet of water. Drilling commenced on June 10 and reached a depth of 18,554 feet. Ownership of the well is Gulf, 50 per cent, Aminoil, a unit of R. J. Reynolds Industries, 25 per cent, Tenneco, 15 per cent, and Cities Services, 10 per cent.

* * *

Following hard on the heels of news that oil and gas exploration in North Western Australia showed a sharp increase in 1978 the Australian Petroleum Exploration Association says that the number of exploration wells sunk in Australia in 1978 was more than double that in 1977.

Of the 52 exploration wells sunk in 1978, 32 were onshore and 20 offshore. The Association adds that predictions for 1979 indicate that the oil and gas search will continue to grow. Marine seismic work—the preliminary stage of exploration—exceeded expectations last year by 50 per cent.

* * *

Pacific Petroleums, now controlled by Petro-Canada, the national oil company, has found natural gas eight miles south-east of the Grizzly field in northern British Columbia.

The well, which is 25 per cent-owned by Pacific, the operator, with other interests held by Hudsons Bay Oil and Gas, Quasar Petroleum and Phillips Petroleum, is capable of producing 7.5m cu ft of gas daily, according to initial testing. About 160 ft of pay-zone was found at 11,500 ft but more drilling is required to delineate the find.

Central Assets seeks SE quote

Central Assets, an off-shore fund specialising in short-term sterling money market investments, is seeking a quotation on the London Stock Exchange.

The fund, incorporated in Jersey in 1975, issues capital shares with a par value of 1p. They resemble units in a Unit Trust in that they may be issued or redeemed at their asset value.

The fund's portfolio includes such as Bills of Exchange and Certificates of Deposit, whose capital value increases as they approach maturity. Other investments include loans and deposits on which income accrues.

It is designed, "to provide individuals and corporations with a means of investing capital with a high degree of security and in a readily realisable form, while at the same time providing a reasonable return," says the managers.

The managers add that annual dividends on the shares are not expected to produce a yield of more than 2 per cent per annum and much the greater part of the total return to an investor will result from the appreciation in value of the shares.

YEARLINGS MOVE UP TO 12%

Interest rate on this week's issues of local authority yearling bonds has edged back up to 12 per cent, its peak level for several months. The bonds, which are issued at par, mature on January 23, 1980.

The issues are: Charnwood Borough Council (£500,000), Mid Sussex District Council (£500,000), City of Edinburgh District Council (£1.5m), City of Liverpool (£1m), Taunton Deane District Council (£250,000), Monklands District Council (£500,000), North Cornwall District Council (£500,000), Tandridge District Council (£250,000), City of Norwich (£1m), London Borough of Lambeth (£1m), Kennet District Council (£250,000), Malvern Hills District Council (£500,000), Barnsley Metropolitan Borough Council (£250,000), Lichfield District Council (£500,000), Bedfordshire County Council (£750,000), Borough of Bournemouth (£500,000), Forest Heath District Council (£500,000), Newport Borough Council (£500,000), London Borough of Southwark (£1m).

HAWLEY LEISURE

Hawley Leisure announces that the rights issue of £385,555 12 per cent Convertible Unsecured Loan Stock 1978-85, shareholders have subscribed for £347,210 stock (90 per cent).

Sime Darby now puts in its formal offer

BY JAMES BARTHOLOMEW

THE PHONEY war between Sime Darby and Guthrie Corporation is over. After a week of "an approach which may lead to an offer," Sime has finally put a bid on the table.

Sime is to go ahead with the offer of 425p per share, proposed last week but rejected by the Guthrie board. Guthrie shareholders will be allowed to keep the 6p per share interim dividend payable on April 4 according to the terms. The offer document is expected to be out sometime next week.

In the stock market, Guthrie's shares rose 4p on the day to 443p, after touching 450p on speculation that Sime's current offer might be raised.

Mr. James Scott, chief executive of Sime, said yesterday that the combination of the two groups would lead to economies in both the management of plantations and the processing and distribution of their produce. Sime has drawn a map of the plantations of the two groups to show how close they are to each other.

The buying power of the combined group for such things as fertilisers would also be enhanced, he said.

The "generosity" of the offer at 425p could best be demonstrated, according to Mr. Scott, by Guthrie's record of net attributable profits in recent years. From a level of £5.8m in 1973 they fell to £3.4m in 1976. The rise to £8.7m in 1977 was "exceptional" he said, stemming from buoyant prices for plantation products "which have a disproportionate effect on their results."

"The Guthrie results are particularly vulnerable to any downturn in commodity prices," he asserted. Although at the same time he conceded that the long term outlook for rubber and palm oil prices was good.

Explaining why Sime had denied it had bid intentions toward Guthrie when rumours of this bid were at their height last summer, Mr. Scott said that Sime had not then decided to make an offer. Sime had bought a 4.8 per cent stake in Guthrie as a trade investment and had not determined how it was going to use the £107m-worth of borrowing facilities arranged then.

Mr. Scott said he regretted that the stake had been purchased since the effect had been to alert Guthrie to the takeover threat and push up the price of the shares.

In the summer, Sime had only made the strategic decision that it would invest a major part of the funds in plantations, but had not decided on how this would be done. The final choice of Guthrie as target was only made at the end of 1978, he said.

As for the alleged involvement of the Malaysian Government in Sime's deliberations, Mr. Scott said that no member of the government was on the board and the decision to bid for Guthrie was made internally. The Bank of Negara, the central bank of Malaysia, had merely been consulted on the exchange control aspects of the deal and this would have been necessary for any company.

He did not think that Guthrie's "model" co-operation with "Malaysianisation" should lead it to be offended by the bid. This was a straightforward business deal, he said.

Mr. Ian Coates, managing director of Guthrie, said last night that he did not anticipate any difficulty in repelling this bid which his board has already described as "bearing no relation to the intrinsic value of the company."

SIEGER BOUGHT BY SWISS GROUP

J. and S. Sieger, gas detection instrument maker of Poole, Dorset has been bought by Zellweger Uster Group, electronics concern, based in Switzerland.

Mar. Sieger tells his 304 employees thatthey need have no fear for their jobs. Both companies are privately owned.

Gulliver Foods buys Avonmiles

Gulliver Foods has purchased the capital of Avonmiles, the company which was formed in March of last year by two close associates of Mr. James Gulliver to take a 29.5 per cent stake in Morgan Edwards, the food distributor.

Avonmiles, which is being mopped up by an exchange of shares in Gulliver Foods, owns 875,000 ordinary shares of Morgan Edwards, representing 29.5 per cent of the capital. Avonmiles also has the option to buy a further 200,000 shares in Morgan Edwards which would make it the largest shareholder with a 36.2 per cent stake.

After completion of the latest deal Mr. James Gulliver is to join the board of Morgan Edwards.

The move marks a return of Mr. Gulliver to the UK food retailing sector. He had been prevented from taking an interest in the sector by an agreement with RCA which took over his company for £11m in 1974. That agreement has just expired.

Babcock raises £6¼m from French sale

In a move designed to free funds for acquisitions abroad, Babcock and Wilcox, the power station boilermaker, has sold the bulk of its holding in CIF Babcock Fives, the French engineering group.

The sale, which raised $12.5m (£6¼m), reduces the British company's stake in Fives from 21 per cent to 4.4 per cent. The shares have been placed with a broad spread of French institutions and private investors by Banque de Paris a Pays Bas.

Babcock has held the stake in Fives for many years following the merger of a French subsidiary and a major French engineering group.

Since that merger, however, the two companies have gone in different directions: Fives specialising in specialist machinery for industries like sugar refining, and Babcock into heavy boiler making and engineering contracting.

Furthermore, Babcock had been unable to consolidate Fives' earnings in its own accounts so its investment appeared in the accounts as minimal.

Yesterday, a spokesman for Babcock explained that the company had been looking at possibilities for diversification, particularly in the U.S. The share price of Fives had improved significantly recently so it seemed an appropriate time to sell and place the funds where they could be employed more usefully.

However, Babcock will still have a Board representative on Fives and will continue to maintain friendly relations with the French company.

ASSOCIATES DEAL

On January 11, 1979, S. G. Warburg and Co., as an associate of General Electric Company sold on behalf of discretionary investment clients 30,000 ordinary shares of 25p of General Electric at 324p.

J. Henry Schroder Wagg and Co. who are advising Averys, bought 1,700 GEC at 326p.

N. M. Rothschild and Sons on January 9, 1979 bought 50,000 Rank Organisation on behalf of a discretionary investment client of N. M. Rothschild Asset Management, wholly owned subsidiary of N. M. Rothschild and Sons. 25,000 were bought at 274p and 25,000 at 276p.

ALGINATE VALUE

The offer by Merck and Co. for the ordinary capital of Alginate Industries is worth 385p per share, not 360p per share as stated yesterday.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals, and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Ambor Day, City of Aberdeen Land Association, Finlas, Magnet and Southerns, J. Saville Gordon, Stock Conversion and Investment Trust.

Finals: Amari, Anglia Television, Brooke Tool Engineering, Countryside Properties, Gough Cooper, Henlys, Lookers, Scottish American Investment, United States and General Trust, Whatlings.

FUTURE DATES

Interims—	
Benn Brothers	Feb. 7
Burt Boulton	Jan. 26
Imry Property	Jan. 22
Smith Brothers	Jan. 23
Finals—	
Corn Exchange	Jan. 18
Hall Brothers Steamship	Jan. 22
Leda Investment Trust	Jan. 27
Lovell (Y. J.)	Jan. 25

Change of fortunes for Cons. Murchison

BY KENNETH MARSTON, MINING EDITOR

SOUTH AFRICA'S antimony-producing Consolidated Murchison has closed 1978 on a much more encouraging note. After the previous depressing experience of falling sales and rising losses, sales have picked up sharply in the final quarter with the result that there is a net profit for the period of R1.1m (£640,000).

However, this still leaves the Anglo-Vaal group mine with a net loss of R685,000 for the full year which compares with a net profit of R3.25m for 1977. As already announced, there is to be no dividend for 1978. In 1977 the total distribution fell to 30 cents from 140 cents in 1976.

Apart from the increase in sales of antimony concentrates and cobbed ore, the other important feature of Murchison's December quarter has been the benefit obtained from changes in production methods. Firstly, the introduction of waste sorting underground has allowed a 20 per cent reduction in the amount of ore hoisted and milled, but with a consequent rise in grade.

Secondly, improvements in the flotation process have resulted in a higher recovery of concentrates with a low arsenic content and a consequent fall in the proportion of unsaleable high-arsenic concentrates. Production in the quarter has thus risen to 4,871 tonnes from 4,130 tonnes in the previous three months at no extra cost.

The mine's sales tend to vary from quarter to quarter and so it cannot be assumed that the December quarter's improved level of sales will be repeated in the current three months. But the benefits of increased production efficiency should be lasting and given an improvement in the antimony market Murchison could well return to the dividend list this year.

The group's young Prieska copper-zinc mine, on the other hand, has suffered a reversal in December quarter earnings after the better performance in the September quarter when adjusting payments from previous sales were received. The past quarter's sales, especially of copper, were also lower because only one small export shipment was made.

As in the case of Murchison, dispatches made by the copper-zinc producer vary from quarter to quarter and so they may well be higher in the current period. This coupled with the recent improvement in copper prices holds out the prospect of a much brighter profit showing next time.

Of the group's gold and uranium producers, total earnings of Hartebeest have advanced thanks to an advance in those from uranium. But a lower profit (after State aid) is reported by Loraine as a result of two hoisting accidents which reduced production and also necessitated costly repairs.

	Dec. qtr. R000	Sept. qtr. R000	June qtr. R000
Hartebeestfontein	14,433	11,287	14,378
Loraine	†538	†1,063	†1,871
Cons. Murchison	1,099	*1,054	*994
Prieska	2,191	3,170	1,631
East Transvaal	798	703	1,560

† After receipt of State aid. * Loss.

COLORADO FIND IS TOO SMALL FOR TEXASGULF

After spending more than $5m (£2.5m) in exploring and evaluating gold mining properties at Cripple Creek, Colorado, America's Texasgulf has told its joint venture partners that it has decided not to present a production plan.

Insufficient ore-grade mineralisation has been found to justify a mining operation of the size that would be attractive to Texasgulf.

The big U.S. mineral resources concern has earned a 60 per cent stake in the venture in which its partners are Golden Cycle Gold Corporation and Golden Cycle Corporation.

Under the agreement, Golden Cycle Gold can now present its own production plan at a capacity milling rate of not more than 300 tons of ore per day. If it does so, Texasgulf's interest will fall to a 20 per cent non-contributory net profits interest.

Any net proceeds from the venture would then be shared between Texasgulf and Golden Cycle Gold on an approximately equal basis until both companies had been reimbursed for their initial $5m investments. After this Texasgulf would be entitled to the 20 per cent stake in net profits.

Bow Valley's profits climb

CANADA'S Bow Valley Industries, which is a partner with Numac Oil and Gas at the high grade Midwest Lake uranium deposit in Saskatchewan, reports that its cash flow more than doubled to C$20.2m (£8.5m) in the six months to November 30.

Net income for the period climbed to C$7.5m, or 74 cents per share, from C$4.8m in the same period of the previous year. The good performance reflected higher oil, gas and coal sales at increased prices coupled. There were also improved profits in the service and manufacturing operations, primarily at the oil well drilling and industrial products divisions.

ASSOCD. LEISURE

Our Financial Diary published on January 2 incorrectly indicated that date for the payment of a 1.5p dividend from Associated Leisure. The dividend is, in fact, to be posted on February 2.

EPC is still rejecting Wereldhave's offer

THE DIRECTORS of English Property Corporation together with their financial advisers Samuel Montagu, find nothing in Wereldhave's formal offer document to change their view that the offers are an attempt by Wereldhave to buy EPC at substantially below its true worth.

The company will shortly send out a statement giving detailed reasons for rejecting the offers. This will include the results of professional revaluations of the property portfolio.

The directors strongly advises shareholders not to sell their EPC shares or loan stock in the market nor to complete any forms sent by Morgan Grenfell.

As reported yesterday, EPC also announces that it has contracted to sell its development project in Nice to MAB S.A., the French subsidiary of MAB Holding of Holland for FFr 46.8m (£5.5m). This results in an increase of some £4.8m over book value.

MAB is one of the leading Dutch development groups for which this purchase is a further contribution to its fast expanding programme in France. EPC has undertaken to make available its management and technical services throughout the transition period and to assist MAB to maintain the momentum of the development.

EPC's share price closed down ½p at 39½p.

SHARE STAKES

John Carr (Doncaster)—Advised of following purchases of shares by directors of company and subsidiaries—J. C. Radman, 18,666 shares; D. H. Moody, 9,333; F. Ward, 18,666; R. H. Everest, 18,666; J. A. Hastie, 9,333; D. J. Furlong, 9,333; A. Luntley, 18,666; S. W. Rowbotham, 18,666; K. T. Langfield, 18,666; E. Thackray, 9,333; and H. Arnold 18,672.

Reyco Group: D. K. Wilmot, a director, has sold 100,000 ordinary shares and J. Strudwick, a director, has sold 15,000 ordinary shares.

Rugby Portland Cement Co.: Mr. C. D. Senior, a director, holds 113,400 ordinary shares beneficially and Mr. R. J. Gates, a director, holds 5,941 ordinary shares beneficially.

Fairclough Construction Group: Prudential Assurance Co. now holds 2,230,348 ordinary shares (5.08 per cent).

Amalgamated Stores: Suburban and City Investments, a company controlled by Mr. Frank Phillips, purchased 185,000 shares in Amalgamated Stores on January 1, 1979. Holdings by himself and companies controlled by him now total 4,469,212 (27.5 per cent).

F. and C. Eurotrust: Industrial and General Trust has disposed of its entire holding of 400,000 ordinary shares (5.3 per cent).

Benjamin Priest and Sons (Holdings): Mr. A. G. Crossland, a director, has sold 10,000 ordinary shares.

Norton and Wright Group: D. S. Rocklin has sold 13,750 ordinary shares and Mrs. D. A. Rocklin has sold 13,750 ordinary shares.

G. R. Dawes Holdings—B. G. Rose on January 10 sold 34,000 shares at 15p.

Sotheby Parke Bernet Group—P. C. Wilson, director, sold on January 8 150,000 shares. Lord Westmorland, director, on January 9 sold 20,000 shares.

Federated Land and Building—Industrial and Commercial Finance Corporation has sold 320,000 shares.

Brittains—Holding of Gerrard Finance Corporation, following recent sales, is now less than 5 per cent.

Imperial Foods—Mr. N. W. Young, a director, has become interested, as joint executor of the estate of his late father, in 60,000 ordinary shares. Mr. Young has a beneficial interest in part of that holding. On January 15, 1978, these 60,000 shares were registered into the joint executors' own name and, on November 15, 1978, 12,500 shares were sold. Consequently, the balance of the shares in which Mr. N. W. Young is now interested, including those which were previously registered in his name, is now 54,732.

John Foster and Son—Commercial Union Assurance holds 574,697 ordinary shares (7.9 per cent). Equity Capital for Industry holds 722,168 (10 per cent) and Vantona Group 1.14m (15.7 per cent).

Horace Cory — Britannic Assurance is interested in 757,300 shares (3.23 per cent).

Federated Land and Building —J. H. P. Meyer, director, sold 20,000 shares on January 2.

Pressac Holdings — Mr. G. W. Clark, director, disposed of 25,000 ordinary shares at 104p on January 10.

H. and J. Quick: J. A. Quick, director, holds 6,164 ordinary and 560 10 per cent preference shares. A. M. Davis, director, holds 7,000 ordinary and 636 preference shares. In addition, J. A. Quick holds 221,344 ordinary and 5,030 preference shares as trustee jointly with others.

London Brick Company: Sir Ronald Stewart, director, on January 11 sold 3,750 ordinary stock at 66p per 25p unit and on January 12 sold a further £3,750 stock at 65½p.

S. W. Farmer Group: B. D. Farmer, chairman, on January 12 bought 50,000 shares at 137½p.

Wilkins and Mitchell: R. A. Wilkins has sold 10,000 shares.

Pentos: Scottish Amicable Life Assurance Society with subsidiary Scottish Amicable Pensions Investments hold 857,659 shares, a reduction of 100,000.

Federated Land and Building Company: Mr. P. J. H. Meyer, director, sold 500,000 shares to a family trust on January 5.

Dawson International: Prudential Assurance Company now holds less than 5 per cent of the capital of Dawson.

F and C Eurotrust: National Coal Board Staff Superannuation Scheme and Mine Workers Pension Scheme which together held 391,000 shares (5.2 per cent) have sold their entire holding.

Proprietors of Hay's Wharf: D. S. Clarabut, co-executor of the will of the late M. O. Gill, ceased to be interested in 81,168 shares on their being sold in the market at 145p for the benefit of the estate on January 12.

RESULTS AND ACCOUNTS IN BRIEF

GLENMURRAY INVESTMENT TRUST—Results for year to October 31, 1978, already known. Investments £6.7m (£5.87m), net current liabilities £17,233 (£83,012 assets). Liquidity decreased £108,000 (£322,000). Meeting, 8, Crosby Square, EC, February 7 at 3.30 pm.

BURTON GROUP — Results for August 26, 1978, year reported December 9 in full preliminary statement with prospects. Group fixed assets £150.1m (£150.58m), net current liabilities £3.12m (£3.04m). Net inflow of funds £6.65m (£5.65m). Meeting, Leeds, February 7 at noon.

HAWKINS AND TIPSON (ropes, wires)—Results, for year to August 31, 1978, reported December 15. Group fixed assets £4.07m (£3.68m), current assets £9.68m (£8.75m), current liabilities £7.43m (£6.4m). On CCA basis pre-tax profit (£1.1m) reduced to £654,000 after adjustments for depreciation £314,000 (£284,000) cost of sales £274,000 (£505,000) and gearing factor £141,000 (£166,000). Meeting, Grosvenor House Hotel, W., February 8, 5.30 pm.

CUMULUS INVESTMENT TRUST—Net asset value per 25p share at December 31, 1978, was 43.2p.

ANGLOVAAL GROUP

Mining companies' reports — Quarter ended 31 December 1978

All companies mentioned are incorporated in the Republic of South Africa.
All financial figures except those for Loraine Gold Mines, Limited for the quarter ended September 1978 and the financial year, are unaudited.
Rate of exchange on 31 December 1978 R1,00 = £0,56, £1,00 = R1,78.
Development results given are the actual sampling results. No allowance has been made for adjustments necessary in the valuation of the corresponding ore reserves.
Shareholders requiring copies of these reports regularly each quarter, should write to the Secretaries, Anglo Transvaal Trustees Limited, 295 Regent Street, London W1R 8ST.

Prieska Copper Mines (Proprietary) Ltd.

Issued capital 54 000 000 shares of 50 cents each

		Quarter ended 31 Dec. 1978	Quarter ended 30 Sept. 1978	6 months ended 31 Dec. 1978
Operating results				
Ore milled	t	771 000	764 000	1 535 000
Concentrates produced				
Copper	t	30 679	29 023	59 702
Zinc	t	31 807	32 471	64 278
Concentrates despatched				
Copper	t	19 478	30 560	50 038
Zinc	t	31 287	34 984	66 271
Financial results		R000	R000	R000
Operating profit		2 397	3 300	5 697
Non-mining income		232	308	540
		2 629	3 608	6 237
Interest paid		438	438	876
Net profit		2 191	3 170	5 361
Loan repayments		2 798	47	2 845
Capital expenditure		1 711	752	2 463
		4 509	799	5 308
Development				
Advanced	m	7 079	6 990	14 069

Finances
Despatches, which vary from quarter to quarter, are brought to account at their estimated realisable value. Operating profit takes into account adjustments following final price determinations on despatches made during previous quarters.

Taxation
No taxation was payable as the Company has an assessed loss.

Capital expenditure
Outstanding commitments at 31 December 1978 are estimated at R1 219 000 (30 September 1978: R735 000).

Eastern Transvaal Consolidated Mines, Ltd.

Issued capital 4 316 678 shares of 50 cents each

		Quarter ended 31 Dec. 1978	Quarter ended 30 Sept. 1978	6 months ended 31 Dec. 1978
Operating results				
Gold				
Ore milled	t	85 000	85 950	170 950
Gold recovered	kg	552,50	540,26	1 092,76
Yield	g/t	6,5	6,3	6,4
Revenue	R/t milled	40,55	34,93	37,72
Costs	R/t milled	20,79	20,20	20,49
Profit	R/t milled	19,76	14,73	17,23
Revenue	R000	3 447	3 002	6 449
Costs	R000	1 767	1 736	3 503
Profit	R000	1 680	1 266	2 946
Financial results		R000	R000	R000
Working profit — gold mining		1 680	1 266	2 946
Non-mining income		74	100	174
		1 754	1 366	3 120
Prospecting		45	71	116
Profit before taxation		1 709	1 295	3 004
Taxation		911	592	1 503
Profit after taxation		798	703	1 501
Capital expenditure		143	186	329
Dividend		647	—	647
		790	186	976
State loan levy		127	83	210
Development				
Advanced	m	1 672	1 661	3 333
Sampling results:				
Sampled	m	226	846	1 072
Channel width	cm	207	204	205
Channel value	g/t	15,2	22,8	19,5
	cm.g/t	3 361	4 640	4 008

State assistance
The Company remains classified as an "assisted mine" in terms of the Gold Mines Assistance Act, 1968.

Dividend
Interim dividend No. 57 of 15 cents per share was declared in December 1978, and is payable in February 1979.

Capital expenditure
Capital expenditure for the year ending 30 June 1979 is estimated at R800 000. Outstanding commitments at 31 December 1978 are estimated at R28 000 (30 September 1978: R22 000).

Hartebeestfontein Gold Mining Co. Ltd.

Issued capital 11 200 000 shares of R1 each

		Quarter ended 31 Dec. 1978	Quarter ended 30 Sept. 1978	6 months ended 31 Dec. 1978
Operating results				
Gold				
Ore milled	t	735 000	732 000	1 467 000
Gold recovered	kg	7 864,46	7 832,45	15 696,91
Yield	g/t	10,7	10,7	10,7
Revenue	R/t milled	63,99	61,73	62,86
Costs	R/t milled	35,62	34,54	35,08
Profit	R/t milled	28,37	27,19	27,78
Revenue	R000	47 034	45 184	92 218
Costs	R000	26 180	25 282	51 462
Profit	R000	20 854	19 902	40 756
Uranium oxide				
Pulp treated	t	735 000	732 000	1 467 000
Oxide produced	kg	101 171	89 689	190 860
Yield	kg/t	0,14	0,12	0,13
Financial results		R000	R000	R000
Working profit — gold mining		20 854	19 902	40 756
Profit from sales of uranium oxide and pyrite		8 585	3 478	12 063
Non-mining income		1 058	1 332	2 390
		30 497	24 712	55 209
Interest paid		67	73	140
Profit before taxation and State's share of profit		30 430	24 639	55 069
Taxation and State's share of profit		15 997	13 352	29 349
Profit after taxation and State's share of profit		14 433	11 287	25 720
Capital expenditure		3 903	2 282	6 185
Loan repayments		74	73	147
Dividend		12 320	—	12 320
		16 297	2 355	18 652
State loan levy		1 694	1 418	3 112
Development				
Advanced	m	13 733	13 372	27 105
Sampling results on Vaal reef:				
Sampled	m	2 272	2 866	5 138
Channel width	cm	58	58	58
Channel value — gold	g/t	29,6	27,5	28,4
	cm.g/t	1 717	1 598	1 643
— uranium oxide	kg/t	0,46	0,41	0,43
	cm.kg/t	26,69	23,77	25,06

Dividend
Interim dividend No. 46 of 110 cents per share was declared in December 1978 and is payable in February 1979.

Capital expenditure
Capital expenditure for the year ending 30 June 1979 is estimated at R16 000 000. Outstanding commitments at 31 December 1978 are estimated at R5 371 000 (30 September 1978: R3 394 000).

Consolidated Murchison Ltd.

Issued capital 4 180 000 shares of 10 cents each

		Quarter ended 31 Dec. 1978	Quarter ended 30 Sept. 1978	Financial year ended 31 Dec. 1978
Operating results				
Ore milled	t	119 500	150 250	563 150
Antimony concentrates plus cobbed ore produced	t	4 871	4 130	16 290
Antimony concentrates plus cobbed ore sold	t	4 197	1 971	11 632
Financial results		R000	R000	R000
Sales of antimony concentrates less realisation charges		3 616	1 770	10 220
Gold and silver sales		418	197	1 008
Sundry mining income		42	32	117
		4 076	1 999	11 345
Working costs		3 137	3 142	12 710
Working profit		939	(1 143)	(1 365)
Interest received		68	89	306
Finance charges and scheme rebate and sundry non-mining income		112	—	390
		1 119	(1 054)	(669)
Prospecting and investigations		20	—	26
Profit before taxation		1 099	(1 054)	(695)
Taxation		—	—	—
Profit after taxation		1 099	(1 054)	(695)
Capital expenditure		47	12	286
Dividend		—	—	—
		47	12	286

Consolidated Murchison Ltd. — *continued*

General
Waste sorting underground has been initiated resulting in the reduction in tons milled for the quarter but a consequent improvement in the grade of ore milled.
The increased production during the quarter was due mainly to improvements in flotation practice leading to a reduction in the amount of unsaleable arsenical material produced.

Financial
The revenue from the sale of antimony concentrates brought into account each quarter is based on actual shipments made, which can vary considerably from quarter to quarter.

Dividend
No dividends were declared during the year as the Company operated at a loss due to substantially reduced sales.

Capital expenditure
Outstanding commitments at 31 December 1978 are estimated at R45 000 (30 September 1978: R1 000).

Loraine Gold Mines, Ltd.

Issued capital 16 368 986 shares of R1 each

		Quarter ended 31 Dec. 1978	Quarter ended 30 Sept. 1978	Financial year ended 30 Sept. 1978
Operating results				
Gold				
Ore milled	t	321 000	349 000	1 290 000
Gold recovered	kg	1 728,45	1 857,28	7 342,90
Yield	g/t	5,4	5,3	5,7
Revenue	R/t milled	32,96	32,59	31,55
Costs	R/t milled	38,63	32,01	32,58
Loss	R/t milled	5,67	(0,58)	1,03
Revenue	R000	10 581	11 375	40 702
Costs	R000	12 400	11 171	42 032
Loss	R000	1 819	(204)	1 330
Financial results		R000	R000	R000
Working loss — gold mining		1 819	(204)	1 330
State assistance		2 061	689	3 709
Profit from sales of uranium oxide and pyrite		150	122	455
Non-mining income		146	170	601
		538	1 185	3 435
Employee service benefits and stores adjustment		—	117	117
Profit		538	1 063	3 318
Capital expenditure		601	81	339
Development				
Advanced	m	4 059	4 120	15 085
Sampling results:				
"B" reef				
Sampled	m	162	170	750
Channel width	cm	53	56	42
Channel value	g/t	3,9	15,8	17,6
	cm.g/t	203	880	734
Basal reef				
Sampled	m	224	358	1 448
Channel width	cm	8	9	10
Channel value	g/t	63,2	56,9	61,6
	cm.g/t	518	535	616
Elsburg reefs				
Sampled	m	74	86	848
Channel width	cm	100	144	122
Channel value	g/t	3,5	6,2	10,8
	cm.g/t	349	891	1 315
Total — all reefs				
Sampled	m	460	614	2 846
Channel width	cm	39	41	44
Channel value	g/t	9,5	16,6	18,4
	cm.g/t	375	680	806

Taxation
No taxation or State's share of profit was payable as the Company has assessed losses.

Capital expenditure
Capital expenditure for the year ending 30 September 1979 is estimated at R4 000 000. Outstanding commitments at 31 December 1978 are estimated at R763 000 (30 September 1978: R317 000).

These reports have been approved by the directors of the respective companies and in each case have been signed on their behalf by two of the directors.

17 January 1979

NORTH AMERICAN NEWS

Amex bid faces new hurdles

BY STEWART FLEMING IN NEW YORK

AMERICAN EXPRESS filed notice with the SEC of its intention to proceed with its proposed $830m bid for McGraw-Hill yesterday, but it did not formally launch its $34 a share cash tender offers.

As McGraw-Hill began to erect legal barriers to the takeover, American Express said that McGraw-Hill has asked the Federal Communications Commission to take action to prohibit American Express from acquiring a controlling interest in the Publishing concern. McGraw-Hill owns four television stations, and formal approval of their transfer is needed from the FCC.

As the tactical battle began, there were signs of mounting concern within McGraw-Hill about the social and political implications of the proposed merger.

Mr. Lewis H. Young, editor in chief of Business Week magazine, one of the most influential U.S. business weeklies which is owned by McGraw-Hill, issued a statement expressing concern that American Express ownership of the publication would compromise its independence.

The issue of editorial independence is a particularly sensitive one in the U.S. because of the first amendment to the constitution, which guarantees freedom of the Press, and legal precedents arguing that diversity of competing publications is essential for that freedom.

Mr. Young's memorandum raised questions about whether American Express "would taboo certain stories, such as troubles in the entertainment credit card business or problems in the casualty insurance industry because it had major business activity in them."

It expressed fears about the credibility of Business Week's coverage if it fell under the control of a financial conglomerate, and about the ability of American Express's executives to withstand criticism and pressure when the magazine published unpopular articles.

American Express has responded to these issues by saying that freedom of the Press is not only important as a nethical principle, but it is also the only business policy which makes sense, and by promising to guarantee editorial freedom and independence.
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The question of editorial integrity is clearly a central issue in the proposed merger. It is not clear, however, whether it is likely to become an issue which could threaten American Express's move. As yet, there is no clear sign of a co-ordinated and planned effort within McGraw-Hill by employees to try to block the move, and it is by no means certain that such an initiative would succeed.

New York banks end year on strong note

By Our New York Correspondent

TWO OF New York's largest banks, Manufacturers Hanover and Bankers Trust have reported strong fourth quarter earnings gains, confirming the buoyant profits trend in the industry.

Manufacturers Hanover said that fourth quarter earnings increased 12.8 per cent to $45.4m compared with $40.3m in the same period of 1977.

For the whole of 1978, the bank's earnings after securities transactions rose 15.5 per cent from $157.5m to $181.9m. Income per share for 1978 was $5.59 compared with $5.14.

The banks said that higher net interest income and an increase in other operating income accounted for the improvement, with both higher domestic and overseas loan volume and an increase in the rate earned on domestic loans and securities playing a part. The bank's consolidated assets at December 31, 1978 totalled $40.6bn up from $35.5bn at the end of 1977.

Bankers Trust, another leading New York bank, continued its recovery in profitability with a rise infourth quarter earnings from 59 cents a share in 1977 to $1.01 a share in the final quarter of 1978.

For the year as a whole, earnings before securities transactions were sharply higher rising from $4.6m in 1977 to $7.0m in 1978. Earnings per share were $2.12 in 1977 and increased to $3.21 last year.

Thomson buys stake in U.S. publishing group

BY JIM RUSK IN TORONTO

THE INTERNATIONAL Thomson Organisation, the Toronto-based holding company formed last year by the merger of the Thomson Organisation and Thomson Scottish Associates, has purchased an interest in a U.S. publishing company in what Thomson hopes will be a foot in the door to a major U.S. acquisition. Lord Thomson of Fleet said that Thomson has purchased a 6 per cent interest in Chilton Publishing Company, of Radnor, Pennsylvania, for just over $2m.

While the purchase is not large, Lord Thomson said it was made "with the knowledge of" Glenmede Trust Company, of Philadelphia. Glenmede administers family trusts that control about two-thirds of Chilton's shares. He added that Thomson hopes to be able to turn its small interest in Chilton to a majority in a later deal. He also said that the purchase of the company, which publishes text books and trade magazines including the weekly Iron Age, was in keeping with the Thomson Organisation's plans to channel much of its investment capital into the United States.

Thomson's expansion into the U.S. is to concentrate initially on areas where it already has expertise, communications, publishing and travel. It is also interested in natural resources and has formed a joint partnership with Monteith Minerals Inc. The partnership of Thomson-Monteith will be based in Dallas, Texas, and will acquire producing oil and gas properties and engage in petroleum exploration throughout the U.S.

Thomson's interest in the partnership is held through a new subsidiary, Thomson Petroleum Holdings Incorporated. The International Thomson Organisation was formed as a Canadian holding company to facilitate the channelling of a substantial portion of the company's North Sea oil profits into North American investment. Lord Thomson has indicated in the past that control of the company will remain in London with the Canadian operation being largely an accounting affair. It will be easier to put investment into the U.S. from a Canadian holding company than a British company.

The International Thomson Organisation will not enter the newspaper business in North America. The Thomson family's North American newspaper business will continue to be conducted through Thomson Newspapers Ltd. of Toronto.

Du Pont well ahead

BY DAVID LASCELLES IN NEW YORK

EARNINGS of Du Pont, the largest U.S. chemical company and the first to report this quarter, increased by a spectacular 44 per cent to $786m in 1978. This works out at $16.15 per share, a 46 per cent improvement on the year before.

The rise was achieved on a 12 per cent increase in sales, to $10.6bn, pointing to the improved profitability of many of the company's operations, though from a low base in the difficult year of 1977.

According to Mr. Irving Shapiro, Du Pont's chairman, the principal businesses, chemicals, plastics and specialty products, posted solid gains for the third consecutive year.

However, Du Pont continued to experience difficulties with its fibres business, where profitability is still below acceptable levels. Even so, per share earnings on fibres were nearly four times the $1.21 earned in 1977, due to higher sales, more efficient operations and a more profitable sales mix.

Mr. Shapiro was cautious about the future, but said that Du Pont had seen no evidence yet of the downturn in the U.S. economy, which is widely feared.

Du Pont also announced a three for one share split to bring the share price down to a level closer to other stocks.

State backs gasification plant

BY OUR NEW YORK STAFF

AN EXPERIMENTAL coal gasification plant is to be sponsored by the State of Illinois in order to promote use of the State's coal, which is high sulphur and therefore environmentaly harmful. Coal gasification is one of the main energy alternatives currently being investigated in the U.S., though so far with little success.

The State's governor, Mr. James Thompson, announced yesterday that the $100m plant would be sited at Wood River, and would be built with up to $18m of State funds and loans.

The remainder of the financing and construction and management of the plant would be organised by a group of utilities headed by Allis-Chalmers, the large Wisconsin-based mining and engineering company.

The plant would rate 50 megawatts, and would consume about 600 tons of coal a day.

Although there is intense interest in coal gasification, little has so far been achieved on the commercial level. The major commercial project to date, a five-partner group led by American Natural Resources of Detroit, has applied for permission to build a high BTU plant in North Dakota. However, the go-ahead is dependent on financing, which in turn depends on the authorities approving a sufficiently economic rate structure.

The group is hoping to get the go-ahead next July.

U.S. QUARTERLIES

BANK OF NEW YORK

Fourth quarter	1978 $	1977 $
Net profits	11.31m	8.92m
Net per share	1.87	1.43
Year		
Net profits	37.21m	29.60m
Net per share	6.19	4.94

BENDIX

First quarter	1978 $	1977 $
Revenue	916.1m	847.8m
Net profits	37.57m	28.52m
Net per share	1.64	1.28

BURROUGHS

Fourth quarter	1978 $	1977 $
Revenue	786.1m	679.1m
Net profits	111.33m	94.07m
Net per share	2.73	2.32
Year		
Revenue	2.46bn	2.12bn
Net profits	253.36m	215.18m
Net per share	6.21	5.31

FIRST NATIONAL BOSTON

Fourth quarter	1978 $	1977 $
Net profits	17.36m	14.25m
Net per share	1.40	1.17
Year		
Net profits	62.91m	46.23m
Net per share	5.12	3.81

FIRST PENNSYLVANIA

Fourth quarter	1978 $	1977 $
Net profits	6.98m	6.18m
Net per share	0.45	0.47
Year		
Net profits	31.2m	27.6m
Net per share	2.13	2.10

INTERCO

Third quarter	1978 $	1977 $
Revenue	502.2m	445.3m
Net profits	26.1m	23.3m
Net per share	1.80	1.62
Nine months		
Revenue	1.4bn	1.23bn
Net profits	65.0m	58.2m
Net per share	4.47	4.05

INT. MINERALS & CHEMICALS

Second quarter	1978 $	1977 $
Revenue	347.8m	313.6m
Net profits	27.9m	27.8m
Net per share	1.56	1.53
Six months		
Revenue	662.8m	624.6m
Net profits	51.6m	58.6m
Net per share	2.87	3.23

MINNESOTA POWER & LIGHT

Year	1978 $	1977 $
Revenue	241.9m	188.0m
Net profits	27.9m	19.1m
Net per share	2.83	2.39

NLNB

Fourth quarter	1978 $	1977 $
Net profits	9.13m	6.75m
Net per share	0.54	0.40
Year		
Net profits	33.88m	23.47m
Net per share	2.00	1.39

OHIO EDISON

Fourth quarter	1978 $	1977 $
Revenue	226.6m	200.4m
Net profits	19.13m	21.56m
Net per share	0.23	0.33
Year		
Revenue	863.0m	796.3m
Net profits	86.03m	111.57m
Net per share	1.19	1.97

OKLAHOMA NATURAL GAS

First quarter	1978 $	1977 $
Revenue	118.9m	117.5m
Net profits	1.11m	3.5m
Net per share	0.10	0.33

PARKER DRILLING

First quarter	1978 $	1977 $
Revenue	72.2m	49.0m
Net profits	9.1m	5.9m
Net per share	2.10	1.55

High yields for new Bell System bonds

By John Wyles in New York

YIELDS ON new Bell System long term bonds climbed to the highest level for more than three years yesterday when underwriters priced a Bell Telephone Company of Pennsylvania issue to yield 9.37 per cent.

Despite this new indication of the U.S. bond market's current weakness, there are some doubts as to whether the $150m issue is being priced with sufficient aggression to ensure prompt resale. The winning underwriters bid competitively for the 40-year obligations against a background of rising short-term interest rates, and when established, Bell System bonds were trading to yield around 9.39 per cent.

The last time a Bell System bond yielded more at its issue was October 7, 1975, when a Michigan Bell issue was priced to yield 9.6 per cent. This ceiling may yet be tested in the next few weeks since Bell companies have a heavy borrowing calendar this year — $3bn compared with $2.51bn last year.

Next month Pacific Telephone and Telegraph is slated to sell as much as $300m of debentures and South Central Bell Telephone up to $250m on March 20. Southwestern Bell Telephone will market $450m of bonds, equalling a record size for a Bell company set in April 1976.

Pennsylvania Bell's obligations are rated triple A and carry a 9½ per cent coupon priced at 98.75. Underwriters are led by Salomon Brothers, Bache Halsey Stuart Shields, Blyth Eastman Dillon, First Boston, Merrill Lynch, Paine Webber and Dillon Read.

Republic Steel

Fourth-quarter net income of the major U.S. steelmaker Republic Steel recovered sharply from the depressed $14.96m or 93 cents a share to $39.37m or $2.43 a share, Agencies report. Sales moved ahead from $732.85m to $868.37m. This lifted the company's net income for the full year from $41.03m or $2.54 a share to $111.09m or $6.86 a share, on sales up from $2.91bn to $3.48bn.

Cooper Laboratories

Cooper Laboratories has received a firm offer of $100m a European company for the sale of all the products and assets of its internal medicine division, AP-DJ reports from Palo Alto. Cooper declined to identify the company other than to say it is one of a number of companies with which it has been discussing various alternatives involving the division.

Kerkorian bid

Mr. Kirk Kerkorian, the financier, said a Federal Court Judge in Los Angeles refused to issue an order sought by the U.S. Justice Department to stop his tender offer for 19 per cent of Columbia Pictures Industries common stock reports Reuter from Los Angeles. He said the ruling will permit his Tracinda Investment Corporation to complete its tender offer as scheduled yesterday.

EUROBONDS

Peugeot-Citroen issue success

BY FRANCIS GHILES

THE FRENCH franc sector has witnessed its first major success since it reopened last September. The FFr 150m issue for Peugeot-Citroen was yesterday increased to FFr 175m and priced at 101¼ to yield 9.66 per cent.

This is the first time since last September that a French franc denominated bond has been increased in size, let alone priced above par. The success of the Peugeot-Citroen issue reflects both the quality of the name, which acquired even greater prestige outside France after the takeover of Chrysler's European interests by the French company last autumn, and the greater confidence felt in the French franc despite the difficulties in launching the European Monetary System (EMS).

Outstanding French franc issues have put on up to a point over the past week, and secondary market trading has increased in volume. The EIB issue which initially reopened the market has risen from 98½-99½ to par, while Elf Aquitaine has moved up from 98½-99½ to 99¼-. Another French franc issue should follow soon, but the Treasury in Paris is characteristically keeping its cards very close to its chest.

CARTER BONDS

Contrary to original plans, the issue of SwFr 2bn of Carter Bonds will be eligible collateral for commercial bank borrowing from the Swiss central bank at the end of each quarter, writes John Wicks from Zurich. Interest rates on these notes will be 2.65 per cent for four-year maturities, and 2.35 per cent for 2½ years. The notes will be priced at par, and Swiss National Bank is to act as agent for the issue, which will be open for subscription from January 16-18.

Other sectors of the international bond market were active yesterday. In the dollar sector, good two-way business was reported by dealers both in the straight and floating rate note sectors. Prices of many straight issues moved up, partly a reflection of the scarcity of bonds held at present by dealers in their inventories. The FRN sector was helped by a rise in the six month Libor rate, which touched 12 per cent.

In the Deutsche-Mark sector, the volume of turnover was greater yesterday than on Monday, with prices of some straight bonds edging up a little. Japanese convertibles put on about ¼ of a point over the day. The DM70m for Amex International was priced at par to yield 5.50 per cent with indicated conditions otherwise unchanged by the lead manager, Dresdner Bank.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bonexists. For further details of these or other bonds d issues for which an adequate secondary market see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on January 16

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aga Akt. 9¼ 88	25	94¼	94¾	0	+0⅝	10.17
Australia 8.45 83	175	95⅛	95⅞	0	+0¼	9.93
Australia 9¼ 93	75	96⅞	97⅜	−0⅛	−0⅛	9.72
Beatrice Foods 7¾ 83	100	93⅜	93⅞	+0⅛	+0⅜	9.61
CECA 8¾ 87	50	94¼	95¼	+0⅛	+1	9.63
CECA 9 93	25	96	96½	0	+0⅜	9.48
CECA 9½ 98	25	98	98½	0	+0⅜	9.44
CECA 9¼ 84-99	50	96¼	96¾	0	+0¼	9.76
CNT 9 93	75	94⅛	94⅝	−0⅛	+0⅜	9.73
Canada 8 83	250	†93⅞	94⅜	0	+0¼	9.95
Canada 8.20 85	250	92½	93	−0⅛	−0⅛	9.92
Canada 9 83	400	97½	98	+0⅛	+0⅜	9.82
Canada 9¼ 98	350	97½	98	0	+0⅜	9.73
Canadair 8½ 83	70	94¼	94¾	+0⅛	+0⅜	10.08
Dominion Bridge 9 86	25	94⅞	95⅜	+0⅜	+1⅛	9.94
EIB 9¼ 98	125	95⅛	95⅝	0	0	9.88
Eksportfinans 9 86	50	95½	96	+0⅛	+0⅛	9.80
Finland 8¾ 83	100	95⅞	96⅛	0	+0¼	10.09
Finland 9 88	100	94⅜	95⅛	0	+0⅞	10.07
Hospital O/S 9 83	75	97	97½	+0⅛	+0⅜	9.74
Ital Finance 9¾ 90	30	92⅞	93⅜	+0⅜	+1⅞	10.80
J. C. Penney 8½ 83	100	95¼	95¾	+0⅛	+0⅜	9.75
NZ Dev. Fin. 8⅝ 83	20	93⅝	94⅛	−0⅛	+0⅜	9.85
NZ Dev. Fin. 8¾ 85	20	93¼	94¼	+0⅛	+0⅞	9.66
Nat. West. 9 86	75	96⅞	97⅜	+0⅛	+0⅜	9.54
Newfoundland 9¼ 90	50	96¼	96¾	+0⅜	+0⅜	9.76
Nord Inv. Bk. 8¾ 88	25	95⅜	95⅞	0	+0⅜	9.46
Norges Komm. 9¼ 98	75	95¼	95¾	−0⅛	0	9.87
Norsk Hydro 9¼ 94	50	96	96½	0	+0⅜	9.74
Norway 7¾ 83	250	92¾	93¼	0	+0⅜	9.93
Norway 8¾ 83	150	98	98½	−0⅛	+0⅛	10.05
Occidental 8⅞ 85	75	92⅜	92⅞	+0¼	+0⅞	10.50
Ont. Hydro 8½ 85	125	93⅞	94⅜	+0⅛	+0⅞	9.76
Quebec Hydro 9½ 93	50	96⅞	97⅜	+0⅛	+0⅞	9.87
Sweden 9¼ 98	175	96⅜	96⅞	−0⅛	−0⅛	9.87
UK 8¾ 85	200	94⅞	95⅜	0	+0¼	9.80
UK 8⅞ 93	150	95⅜	95⅞	−0⅛	−0⅛	9.68

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 6½ 88	150	96¼	96¾	+0¼	+0⅜	7.02
Australia 6 88	250	100¾	101¼	0	+0⅛	5.86
Austria 5½ 90	150	94¼	94¾	0	−0⅛	6.43
Bankamerica 5¾ 90	150	99⅛	99⅝	0	0	5.82
Bq. Ext. Algerie 7¾ 85	100	97	97½	0	+0⅛	7.78
Brazil 7¾ 87	150	100¾	101¼	0	+0⅛	7.08
CECA 6 88	150	97	97½	0	0	6.38
Canada 4¾ 83	600	98⅜	98⅞	+0⅛	+0⅛	5.10
Ch. Manhttn. O/S 6 93	100	101½	101⅞	0	+0⅛	5.83
Commerzbank WW 3½	100	104⅜	105⅜	+0⅜	+0⅛	2.92
Commerzbank XW 3½	100	82⅛	83⅛	+0⅜	+0⅛	5.83
Copenhagen City 6 90	75	94¼	94¾	0	−0⅛	6.68
Council of Europe 6¼	100	97¾	98¼	0	−0⅛	6.43
Council of Europe 6¼	130	97¾	98¼	−0⅛	−0⅛	6.53
EIB 6 90	300	95⅞	96⅜	−0⅛	−0⅛	6.48
Finland 6 83	150	99⅛	99⅝	+0⅛	+0⅛	6.15
Hitachi Ship 5¾ 83	50	100⅜	101⅛	−0⅛	0	5.48
IBJ 5 84	100	98¼	98⅞	−0⅛	−0⅛	5.32
Indonesia 7 84	100	97½	98	0	0	7.49
Kobe, City of 5¾ 86	150	101¼	102	+0¼	+1¼	5.47
Mexico 6 85	200	98	98½	+0⅛	+0⅛	6.34
Mitsubishi Petro. 5¾ 85	100	101½	102¼	+0⅛	+0¼	5.42
New Zealand 6¼ 87	200	99⅛	99⅝	+0⅛	+0⅛	6.31
Nippon Steel 5¾ 85	100	100⅜	101⅛	+0⅛	−0⅛	5.59
Nordic Inv. Bk. 6¼ 86	60	98⅜	98⅞	−0⅛	+0⅛	6.50
Norges Komm. 6 90	100	96⅞	97⅜	−0⅛	−0⅛	6.34
Norway 4½ 83	250	96⅝	97⅛	−0⅛	−0⅛	5.18
Norwegn. Ind. Bk. 6 90	125	97⅛	98	0	−0⅜	6.30
Occidental 6¾ 90	150	97⅛	97⅝	0	0	7.05
OKB 6½ 88	100	101⅛	101⅞	0	−0⅛	6.27
Petroleo Brazil 7 88	100	99	99½	−0⅛	−0⅛	7.10
PK Banken 5¾ 88	100	93⅛	93⅝	0	0	6.69
Quebec, Prov. of 6 90	150	94⅞	95⅜	−0⅛	−0⅛	6.62
Ricoh 5¾ 83	30	99¼	99⅞	−0⅛	−1¼	5.34
Spain 6 88	200	94½	95	+0⅛	0	6.77
Statoil 6 88	150	98¼	98¾	+0⅛	+0⅛	6.21
UDS Group 6½ 83	65	97¾	98¼	0	0	6.25
Union Bank-Finn 6½ 88	50	97	97½	0	−0⅛	6.91
Venezuela 6½ 90	150	94¼	94¾	−0⅛	−0⅛	7.19
World Bank 6¼ 88	400	98	98½	+0⅛	0	6.51

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Acesa 5¾ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amer. Exp. Int. 3½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Arlberg Tunnel 4 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria 3½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brazil 4½ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Chase Manhattan 4 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Council of Europe 4½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bankamerica 3¾ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BNDE 5 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 4½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark 4½ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark-Mortgage Bk.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eurofima 4½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F. L. Smidth 4½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 4½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
First Chicago 3¾ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hilti-Liechtenstein 4½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ICI Fin. NV 4½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Malaysia 4½ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Manitoba 4 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Neweg 4 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norges Komm. 4½ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 4 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oy Nokia 5 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sale 4½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sandvik 4 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sees 4½ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Voest-Alpine 4½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Vorarlberg Kraft 4 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Vienna 4 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 4¼ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 5¾ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BFCE 6.4 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eurofima 6.3 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway 5.7 83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden 6.2 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Rank O/S Hold. 11½ A$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Auto Cote B. 7 93 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Copenhagen 7 93 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland Ind. 7 93 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Komm. Inst. 7½ 93 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Panama 8½ 93 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR France 7 93 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Algemene Bk. 6½ 83 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brazil 7½ 83 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CFE Mexico 7¼ 83 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 7¾ 85 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Neder. Midd. 6½ 83 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand 6¾ 84 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway 6½ 83 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 6½ 85 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Elf Aquitaine 9¼ 88 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 9½ 88 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Unilever 10 85 FFr	100	101	102¼	−0⅛	0	9.65
RAT 8 88 LuxFr	250	95½	96¼	0	+0⅛	8.83
Bayer Lux. 8 86 LuxFr	250	95¼	96¼	0	0	8.88
FIB 7¾ 88 LuxFr	250	95¼	96¼	−0⅛	0	8.32
Finland I. F. 8 88 LuxFr	250	96¼	97¼	+0⅛	+0¼	[illegible]
Norway 7¾ 83 LuxFr	250	96⅞	97⅞	+0¼	+0⅛	8.46
Norges Km. 8 86 LuxFr	500	98⅞	99⅞	−0⅛	−0⅛	8.13
Renault 7¾ 88 LuxFr	500	97⅛	98⅛	0	+0⅛	8.11
Solvay Fin. 8 85 LuxFr	500	100¼	101¼	0	+0⅛	7.75
Swedish Bk. 8 88 LuxFr	500	100¾	101¾	0	+0⅛	7.85
Gestetner BV 11 88 £	10	88⅞	89⅞	−0⅛	−1	13.00
Whitbread 10½ 90 £	15	84⅞	85⅞	−0⅛	−0⅛	13.03

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
American Express 82	0¼	99¼	99⅝	20/4	10⅝	10.69
Arab Intl. Bk. M6.5 83	0½	95¾	96¼	31/1	9⅜	9.77
BFG Fin. Co. M5.5 89	0⅜	98¼	98¾	12/7	12.4	12.60
Bco. El Salvador M8 83	1¼	96⅞	97⅜	12/4	11.31	11.65
Bco. Nac.-Argnt. M8 83	0¾	98¼	98¾	21/1	9⅜	9.52
Bank Handlowy M8 88	1¼	97⅛	97⅝	25/11	12.94	13.29
Bank of Tokyo M5½ 93	0¼	96⅝	97⅛	18/4	10½	10.84
Banque Worms M5½ 85	0¼	96⅝	97⅛	18/4	10½	12.20
Bq. E. d'Alg. M8.375 84	0⅜	96½	97¼	9/2	9⅝	9.94
Bq. E. d'Alg. M7.5 85	0⅝	95⅜	95⅞	2/5	12¾	13.36
Bq. Indo et Suez M5½	0¼	98½	99	25/1	9⅜	9.48
Bq. I. Afr. Occ. M6.5 83	0¾	97¼	97¾	12/7	12.4	12.70
CCCE M5.25 98	0¼		97½	98	3/2	9.40
Ch. Man. O/S M5¼ 93	0¼	97⅞	98⅜	27/1	9.31	9.49
Credit National M5¼ 88	0¼	97⅞	98½	11/7	12⅜	12.61
Gotabanken M6 88	0¼	†97¼	97¾	15/5	12.31	12.63
Ind. Bk. Japan M5¼ 85	0¼	97⅞	98¼	1/6	12.35	12.44
Liubljanska M7.75 85	1	96⅞	97⅜	19/1	10¼	10.58
LTCB Japan M5¼ 85	0¼	98¾	99¼	9/5	12.06	12.18
Midland Intl. M5½ 93	0¼	98	98½	20/7	9.44	9.61
Nat. West. M5½ 90	0¼	96⅜	96⅞	21/6	12⅜	12.67
Nipp. Crdt. Bk. M5.5 85	0¼	98⅜	99⅛	22/6	12.81	12.89
OKB M5¼ 88	0¼	100⅛	100⅝	18/4	10.56	10.52
Offshore Mining 86	0¼	98⅞	99¼	19/7	9.44	9.55
Privredna Banka M8 86	0⅞	95⅜	95⅞	22/6	13.44	13.96
Standard Chrt. M5.5 90	0¼	97¼	97¾	10/2	8.94	9.17
Sundsvallsbnkn. M6 85	0¼	96⅝	97¼	4/4	10.06	10.37
Utd. Overs'a Bk. M6 83	0¼	98⅞	99¼	4/5	12.37	12.45

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asics 5¼ 93	9/78	628	102½	103½	0	11.80
Baker Int. Fin. 5½ 93	1/79	38	104½	105½	+0¼	6.16
Boots 6¾ 93	2/79	2.16	91⅞	92⅞	−0¼	−2.90
Coca-Cola Bottling 6¾	4/79	9	91½	92½	+0¼	22.83
Ito-Yokado 5¾ 93	6/78	1473	133	133¾	+0⅛	−0.09
Novo Industri 7 89		259	89⅜	90⅜	−0⅛	5.97
Texas Int. Air. 7½ 93	4/79	14.5	91½	92½	0	12.29
Thorn Int. Fin. 7 88	11/78	3.67	104	104¾	−0¼	−1.41
Tyco Int. Fin. 8½ 88	9/78	21	101¾	102¾	+0¼	12.46
Tyco Int. Fin. 5 84	5/78	61.5	76¾	78	+0¾	150.05
Asahi Optical 3½ DM	12/78	588	96	97	−0¼	−1.93
Casio Cp. 3½ 85 DM	11/78	841	102¾	103¾	−0¼	6.56
Izumiya 3½ 86 DM	10/78	989	97½	98½	−0½	5.77
Jusco 3½ 86 DM	1/79	1270	94⅞	95⅞	−0¼	13.71
Konishiroku 3½ 85 DM	1/79	612	97½	98½	−0½	8.46
Marudai Food 3½ DM	2/79	1033	102¾	103¾	0	15.83
Murata M. 3½ 86 DM	11/78	854	109⅝	110⅝	−1½	−1.81
Nipp. Air. 3.5 88 DM	12/78	508	90¼	91¼	−0½	7.12
Nippon Shinpn. 3½ DM	8/78	738	112½	113	−0¼	4.98
Nippon Yen. 3½ 85 DM	1/79	257	95⅝	96⅝	−0½	3.28
Nissan Diesel 3½ 88 DM	2/79	477	95½	96½	−0½	9.19
Olymp. Opt. 3½ 85 DM	2/79	703	106	107	−1	−4.29
Ricoh 3½ 85 DM	10/78	[illegible]	102⅞	103⅞	−0¼	13.94
Sanyo Electric 3½ D'		295	94	95	−1½	−1.67
Seiyu Strs. 3½ 86 DM	9/78	1276	111¾	112¾	−0½	−1.18
Sharp Cp. 3½ 88 DM	2/79	487	97⅛	97⅞	−0½	−2.23
Stanley Elec. 3½ DM	11/78	623	94¼	95¼	−0¼	12.76
Tokyo Elec. 3½ 87 DM	4/79	476	97¼	98¼	−0¼	3.46
Trio Knwd. 3½ 86 DM	11/78	711	90	91	−0¼	17.46

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

هكذا من الأصل

INTL. COMPANIES and FINANCE

CHEMICAL FIBRES

Outlook still uncertain at Enka

BY CHARLES BATCHELOR IN AMSTERDAM

ENKA, the chemical fibres subsidiary of the Akzo group of Holland, reduced its losses in 1978 but—in line with its forecast—was unable to return to profit. It hopes to further reduce its losses from textile yarns and fibres in the current year but there is no prospect of a fundamental improvement, the company said.

In 1977, Enka's two main units, in West Germany and Holland, made an operating loss of Fl118m and set a further Fl120m against restructuring costs. The Enka world group (including Germany and Holland) made an operating loss of Fl100m.

Prospects for textile fibres this year will depend greatly on the result of discussions between the European manufacturers and the EEC Commission on an agreed reduction of capacity. Enka is modestly optimistic an agreement will be reached.

Higher raw material costs and the company's ability to pass these on in prices will also strongly influence the result. Declining volume sales of industrial yarns for use by the tyre industry is a cause for concern.

The 1978 result benefited from a number of extraordinary items, including the sale of know-how and of redundant plant and buildings. These non-recurring items will contribute less this year. Final figures for the 1978 result are not yet ready, but the company said this was better than expected. The continuing losses occurred after cost-savings of an average Fl 315m a year since the restructuring began in 1975.

Enka increased world volume sales of textile yarns and fibres by 8 per cent in 1978. Deliveries of carpet yarns fell 2 per cent, while industrial yarns fell 5 per cent, largely due to the closure of the Ferenka steel cord factory in Ireland.

Enka's German and Dutch operations raised chemical fibre sales by 2 per cent to 325,000 tonnes. Sales by the entire European group, including British Enkalon and two subsidiaries in Spain, also rose 2 per cent, to 430,00 tonnes.

Capacity use in Europe rose to 90 per cent from 85 per cent in 1977. This is high compared with the 75 per cent average in Europe, but Enka has cut capacity more drastically than other producers. Sales of the Enka world group were little changed last year at Fl 4.2bn, while sales by the German-Dutch companies were also stable at Fl 2.9bn.

Brostroem chief goes early

THE BOARD of the Brostroem shipping group has replaced its managing director, Mr. Ingemar Blennow, two years before his contract is due to expire. Mr. Paul Paalson, one of the three deputy managing directors, is taking over temporarily.

The Board stated on Monday that a "rupture of confidence" had developed between it and Mr. Blennow. The chairman, Mr. Kristian von Sydow, the former managing director and the only member of the old family concern remaining on the Board, declined to elaborate.

Brostroem has paid shareholders no dividend for four years. It showed a loss of SKr 154m ($35.4m) in 1977 and at the eight-month stage last year reported losses of SKr 133m.

At the end of the year the Swedish State took over a number of Brostoem's loans, gave guarantees for others and made the group a SKr 80m cash grant due for payment this month.

The intention was to give the company breathing space in which to complete the radical reorganisation started by Mr. Blennow in 1975. This has included the transfer of the Eriksberg shipyard in Gothenburg to the state and its eventual closure, the sale of most of the tanker and bulk ships and a concentration on the liner trade.

Mr. Blennow has been criticised for the deal he made with the government over the shipyard, which is estimated to have cost the company between SKr 150m and SKr 500m. The purchase of the Dutch Incotrans company has also not produced the earnings hoped for.

Fiat aims to raise SEAT stake

BY ROBERT GRAHAM IN MADRID

DESPITE important financial, labour and legal hurdles, SEAT, Spain's largest car manufacturer, is confident that a satisfactory deal can be worked out to restructure the company and allow Fiat to acquire majority control. Negotiations are believed to be going ahead on the understanding that Fiat raise its stake from 36 per cent to 51 per cent in SEAT.

Originally, Fiat had been approached by SEAT with a view to acquiring a 70 per cent shareholding by buying the 34 per cent interest held by the state holding company, INI. However, it is understood that political objections to this INI divestiture, coupled with the major financial burden placed on Fiat by such a purchase, ruled it out. It is now likely that Fiat will obtain 51 per cent control through a capital increase in which some private and institutional Spanish shareholders will waive their rights.

The main Spanish private shareholder is Banco Urquijo which has a shareholding of around 8 per cent.

Discussions on the restructing of SEAT and greater integration with Fiat began in earnest last September. Since then, consultants Arthur Andersen were brought in to make a thorough appraisal of the company, and this report has helped to form the basis of the latest exchanges that are being conducted through INI with Fiat.

On the negotiating table is a four-year investment plan costing Pta 51bn ($727m) at 1978 prices. Of this, Pta 46bn will have to be found by th ecompany fro ma mixture of new capital, official Spanish credit on soft terms, local bond issues and international loans. Fiat itself will probably have to contribute Pta 7bn.

Still very much lnresolved is the proportion of this funding. Both SEAT and Fiat would like to see as much as possible coming in the form of official credit. The investment itself would be roughly on a par with that made by Ford when it entered Spain in the early 1970s to set up its Valencia plant producing the Fiesta.

On the production side the investment plan envisages a drastic cut in the number of models produced. SEAT would probably produce no more than three models — the 127, 131 and the new Fiat Ritmo.

German profits upturn in 1978

BY JONATHAN CARR IN BONN

WEST GERMAN enterprises are likely to have seen an improvement in profits in 1978 after a marked decline in the previous year, according to the Bundesbank's January report released yesterday.

The Bundesbank made the comment, without further elaboration, in a detailed examination of the earnings of enterprises in manufacturing industry (including construction) and trade in 1977. This survey was based on returns from some 26,000 concerns—only half the total finally expected but enough, in the Bundesbank's view, to allow a clear trend to be discerned.

The figures show that profits after tax in 1977 dropped 15 per cent on average from the level of 1976. The comparison is partly distorted because a reform of corporation tax took effect in 1977 which heavily increased the tax bill of enterprises. However, even profits before tax were still slightly below the 1976 figure.

The Bundesbank suggested that the trend towards lower profits in 1977—after the relatively good results of the previous year—increased business uncertainty and contributed to the fall in the economic growth rate. West Germany's real GNP growth totalled 2.6 per cent in 1977 after 5.7 per cent in the previous year. The preliminary 1978 total is given as 3.4 per cent with 4 per cent widely hoped for this year.

The Bundesbank's figures show that business costs rose by only 6.5 per cent in 1977 against 8.6 per cent a year earlier. But turnover growth was sluggish, rising only 6.5 per cent against 11.6 per cent in 1976.

Also noteworthy is a particularly big cut in funds used by enterprises—from DM 174bn in 1976 to DM 118bn ($60m) in 1977. Of that DM 118bn, a total of DM 79.5bn went to increases in fixed assets, DM 13.5bn less than in the year before, and DM 18bn to changes in stocks against DM 28.9bn previously.

The cut in fixed asset expenditure was attributed in particular to the running-down of a big wave of investment in the energy sector, planned in the early 1970s. Administrative problems such as court delays contributed to this energy investment decline.

ISS ups stake in Prudential Building

ISS INTERNATIONAL Service System of Denmark has increased to 33 per cent its shareholding in the U.S. group, Building Maintenance.

This follows the issue of 250,000 new shares in Prudential which ISS has acquired for $14 each, or $3.5m in total. The Danish company first tendered for Prudential shares last November.

Prudential will, in conjunction with ISS, spin off its Meyers Parking System subsidiary to shareholders. The spin off, Prudential said, is expected by the end of this month. The swap will be achieved on one-for-two basis, one share of Meyers for two of Prudential.

Under agreements with the Danish company Leo F. Fink, Prudential's chairman and owner of about 14 per cent of its stock, and certain other shareholders, have agreed to give ISS the voting rights of their Prudential and Meyers shares.

AP-DJ

Citibank man for CSFB

BY NICHOLAS COLCHESTER

THE LONDON-BASED investment bank, Credit Suisse First Boston, has hired Mr. Frederick Pettit from Citibank to be its new managing director. His initial task will be to concentrate on the organisation of the recently formed combine, leaving the other top managers freer to maintain contact with the market.

Mr. Pettit, 42, will join CSFB next March. He has been 17 years with Citibank in Europe and is at present managing director of Citibank in Frankfurt, responsible for business in West Germany, Austria and Eastern Europe. His arrival at CSFB comes after the departure at the beginning of the year of Mr. John Craven, the former chairman and chief executive.

Swiss travel group sales rise

BY JOHN WICKS IN ZURICH

WORLD SALES of the Swiss-based travel agency group Kuoni rose by some SwFr 731m ($430m). According to the Zurich parent company Reisebuero Kuoni AG, the increase would have been as high as SwFr 70m had exchange rates remained at 1977 levels.

The group comprises 50 travel agencies in Switzerland itself and 38 other branches in all five continents. Net profits, which are not yet specified, are said to have been higher than in the favourable business year 1977, both in domestic and foreign business.

Amoco and Jotun venture

By Fay Gjester in Oslo

PENKEM, A Norwegian company which will produce and market chemicals for the oil-drilling and oil-refining industries, has been formed as a 50-50 partnership between Amoco Chemicals Corporation of the U.S. and Jotun, a Norwegian company producing paints and plastics.

Penkem will have an initial share capital of NKr 1m. ($200,000) and its headquarters will be in Norway, probably in the Bergen area, where one of Jotun's plants is located.

Mr. Arne Haga, until recently the head of Jotun's Swedish subsidiary, will manage the new company, which expects to start its first deliveries of oil-field chemicals to the North Sea during the winter. Its salesand production apparatus will be built up gradually.

THE CRISIS IN IRAN

Lending banks rally round

BY JOHN EVANS

IRAN HAS overcome the most immediate obstacle in its fight to retain the confidence of the international banks which have lent the country extensive sums in recent years.

A poll now completed among banks participating in an $100m syndicate Iranian loan shows that all but one bank in the syndicate did not want to press for immediate repayment. If the poll had gone the other way, it could well have precipated widespread demands for similar repayments.

The poll was carried out by Chase Manhattan, the agent bank for the $100m medium-term credit extended two years ago to the Industrial Credit Bank of Iran.

As agent, Chase wanted to ensure that all the syndicate members were fully aware of their rights under the loan agreement, particularly relating to a clause under which any adverse material changes in Iran could give the banks a theoretical right to call for early repayment.

In fact, it is understood that there was only one major dissenting bank, a large German institution. Other banks showed little immediate desire to have the $100m loan declared in default, and thus demand repayment.

Chase Manhattan and the London-based consortium, Iran Overseas Investment Bank (Iraninvest) are generally regarded as the two most active banking institutions assembling medium-term Eurocurrency credits for Iran in the last couple of years. Thus many banks have tended to look for them for guidance in the turbulent Iranian situation.

Iran's efforts to keep up to date with debt servicing—believed a top priority of the country's central bank—have done much to dampen recent alarm in the international credit markets over the possibility of default on foreign credit.

The disruption to the central bank itself, and the damage suffered to the Iranian banking system, including the destruction of loan documentation in Tehran, has been causing additional nervousness among Western banks.

Iraninvest itself reports very few recent occasions on which loan servicing has been delayed. The bank's managing director, Mr. D. M. Oskoui, says: "There is still no real problem in our experience.

"In one or two cases, a few days' delay in payments has occurred. But on each occasion, we have had prior confirmatory notification by telex from Tehran that payments would be late, mainly because of the disruption to the local banking network."

Iraninvest—owned by prominent U.S., European, Iranian and Japanese banks—has just issued its annual report for 1978 which shows, in the geographical distribution of its medium-term commercial loans and commitments, that Iran accounts for 31 per cent of the total.

Europe is top, taking 34 per cent; Latin America accounts for 20 per cent, Near East and Africa 10 per cent, and the Far East takes 5 per cent. The syndicated loans market, taken alone, is responsible for a greater chunk of the bank's activity. The 34 lead- or co-managed credits by the bank since 1975 for Iran and eight other countries total more than $2.68bn; of this, some $1.2bn is attributable to Iran itself.

The bank's balance-sheet for 1978 shows loans, advances and other accounts maturing within one year as standing at £16.4m versus £14m in 1977. Loans longer than a year total £86m compared with £48m a year ago.

Iraninvest indicates that because of the favourable servicing record so far, it has not taken similar action to chase on its loans. "We do not consider it would be justified on our part to do this," it says.

Much of Iraninvest's lending has been extended to Iranian state institutions, or carried solid bank guarantees. However, other banks say that one of the newer areas of concern over debt centres on the direct lending to private Iranian companies, rather than public-sector exposure.

The growing economic dislocation in Iran is badly affecting such corporations, and there must be question marks over the continued ability of corporate borrowers to meet their loan commitments, these banks say. There is optimism that the Government will recognise this problem with appropriate assistance programmes.

While official figures are not easily obtainable in Tehran, one calculation of Iran's total outstanding foreign currency debt is some $8bn, including export and suppliers' credits as well as Euromarket loans.

In contrast, foreign currency reserves are calculated as at least $10bn. At the beginning of 1978, the debt service ratio was generally regarded as only 4 to 5 per cent in relation to all categories of foreign exchange earnings.

PROPERTY IN THE UAE

Aid for an overstretched market

BY KATHLEEN BISHTAWI IN DUBAI

Steps are being taken to ease the problems of UAE nationals who in recent years have speculated heavily in the property market. These include a ban on new office and residential building in Abu Dhabi and the refinancing of bank loans at concessionary rates of interest. But the moves have been received with restraint in banking circles and with gloom in the business world.

THE ABU DHABI municipality is to issue no more permits for building new office and the capital of the United Arab Emirates.

The move is the first step in a package of measures announced last month to alleviate the financial problems of UAE nationals who in the past few years have speculated heavily in the property market. Now the market is saturated—there are said to be 25,000 unoccupied flats in Abu Dhabi alone—and many investors are having difficulty paying interest of up to 14 per cent to the banks which financed their speculations.

The President of the UAE, Sheikh Zaid bin Sultan al Nahayan, has approved the establishment of a real estate bank with a capital of $250m which is intended to take over the majority of banks' property loans and to reissue them at concessionary rates of interest—reported here to be between 4 and 5 per cent. One aim of bailing out those who have made unwise investments in property is to free money to invest in other outlets.

The rescue may seem to a businessman in western Europe or the U.S., where investors generally have to accept the consequences of their actions to be an unduly kind-hearted move, and it is admitted to be a subsidy. But the financial bailing out of the indigenous population in the oil states with surplus revenues has happened before—notably in Kuwait—and stems in part from the fact that the nationals of these states have such good access to their rulers. In the UAE the new bank plan is the result of supplications to Sheikh Zaid by leading businessmen from all over the federation.

Yet the moves have been greeted with restraint in the banking world and gloom in the business community. The ban on new building permits in Abu Dhabi actually only formalises a situation where few private building starts were likely at present. But it has deeply depressed building contractors and there are reports that several companies have decided to pack their bags and leave, while a number of liquidations can be expected in the coming year, according to one of them. "Business has been frozen for a long time," commented one specialist builder in Abu Dhabi. "People who can see ahead have already decided to go, but this measure just makes it more urgent. Any illusions they might have had about future business have vanished."

In fact, though the boom of 1975-76 is decidedly over, the two major emirates, Abu Dhabi and Dubai, are both spending more money this year on development projects than ever before, and will certainly not be spending less next year. Abu Dhabi in particular has said it will be increasing its spending up to a specified ceiling, but it has also said that it will not exceed this ceiling for the next two years. Meanwhile, it is clear that Dubai cannot substantially increase its spending without incurring cash flow problems in view of its heavy debt servicing requirements.

With many businessmen and bankers seeing a levelling of economic activity in the next year or two, they are asking what investment opportunities there will actually be for the liquidity which the instigators of the real estate bank scheme hope will be released into the economy—especially as one of the main motivations of Abu Dhabi's restrictions on spending is to halt the growth in the number of immigrants in the federation, the usual consequence of economic expansion.

However, the Government sees the ban on new buildings as temporary, to be lifted when the slack in the property market has been taken up.

The banks are perplexed, partly because so few details of the scheme yet seem firm. They stand to benefit in the short term: the new real estate bank will mean that they can offload some of their property loans and the extra cash in the economy will mean that some outstanding debts should finally be paid off. But naturally they do not want to give up their profitable loans as well.

The total value of property loans in the UAE is put at $1.76bn, accounting for more than 33 per cent of all bank credit. But it has been made clear that not all loans are going to be accepted by the new institution, and priority is likely to be given to those buildings which have been well designed and constructed. A ceiling is also expected to be applied to any individual or company so that the small-scale investor does not suffer at the expense of the richer merchants.

According to reports in the government newspapers, the new bank will give loans not exceeding 80 per cent of the construction cost for private houses, 75 per cent for commercial buildings and 50 per cent for other real estate investments. In many cases UAE nationals obtained building land free from their rulers so that the construction cost is often their total investment. The loans to be granted by the new state bank will, say the reports, be for periods not exceeding 20 years or the "economic age" of the project, whichever is the less. In the case of default on repayment by the borrower or his guarantor the bank will have the right to take over a property and to the loan guarantee amount deposited with it.

It is envisaged that the new real estate bank will have branches all over the federation, but who is to manage it and when it will start have yet to be finalised.

The offloading of some of the banks' bad debts is expected by those close to the UAE nationals behind the scheme to be accompanied by a call for increased reserve requirements by the UAE Currency Board—the central banking authority. An increase of 2.5 per cent on top of the present 7.5 per cent is expected.

Coupled with the ban on new building, restrictions are expected to be introduced on the types of industry which can be developed. The move is seen as a preliminary to the takeover of the majority of industrial loans from the banks and the establishment of an industrial development bank by the government. Pressure is expected to be put on licensing authorities in the individual emirates to restrict permits for new industries such as cement, soft drinks plants, tile factories and other fields where there is—or soon will be—a surplus.

An adviser to the scheme believes that the new industrial development bank which will have a capital of $130m will take over the financing of all projects over Dh 1m ($263,000).

The two moves will considerably curtail the scale of business which the local commercial banks will be able to undertake. With only the government sector to rely on in the construction field banks will have to rely on trade financing and other outlets for future profits.

Advisers behind the scheme concede that bank profits may fall and that bank branches could be forced to close down. Nor has the possibility of banks pulling out of the UAE altogether been ruled out. The UAE has 53 banks with more than 400 branches, making it probably the most over-banked country in the world. Those banks without strong historical or regional ties to the area appear most vulnerable.

Mitsubishi in 'positive' talks with Chrysler

By Our Tokyo Correspondent

MITSUBISHI Motor Corporation said yesterday that its talks with top executives of Chrysler Corporation last week in the U.S. were of the most "positive and concrete" nature of any discussions so far on the future of their business ties.

A statement, made jointly with Chrysler, gave little hint about what decisions actually may have been made during a meeting of Mr. Tomio Kubo, president of Mitsubishi, and Mr. Lee Iacocca, Chrysler's newly appointed president. It was their first meeting since Mr. Iacocca joined Chrysler.

The talks covered the distribution of Mitsubishi cars in the U.S. and by Chrysler's international unit in selected other markets; the sales of Chrysler cars in Japan by Mitsubishi, and the negtiations over Mitsubishi taking of an equity share in Chrysler's Australian subsidiary.

Plantations gain

THE MALAYSIAN sugar producer and refiner, Perlis Plantations, is paying a final dividend of 15 per cent, bringing the total to 27.5 per cent for the year 1978, compared with 22.5 per cent in 1977 and 10 per cent in 1976, writes Wong Sulong in Kuala Lumpur. *Despite the effects of the drought on production*, Perlis increased its after-tax profits by 6.8 per cent to 14.14m ringgit (US$6.4m).

The group's results contained a provision of 2.5m ringgit for diminution of value of its investments.

Matsushita profits at record level despite dearer yen

BY RICHARD HANSON IN TOKYO

MATSUSHITA Electric Industrial Company said yesterday that the parent company registered a 17 per cent increase in net profit, to a record Y56.85bn (£287m) in the year ended November 20.

Sales also reached an all-time high, gaining 11 per cent to Y1,598bn (£8.1bn) as hot summer weather boosted sales of home appliances. Export sales were up 9.2 per cent to Y331.1bn, but down slightly in their share of the total to 20.7 per cent from 21.1 per cent. The company is shifting more of its production of television sets and other appliances to overseas bases.

Matsushita has continued to report good results despite severe problems in the export market. As a result of the appreciated yen and import curbs—which have cut into the profitability of other electronics companies, such as Sony Corporation. Tihs year, Matsusbita expects that sales will rise another 6.4 per cent., to Y1,700bn. It has declined to project net profit results, however.

This year, sales of colour televsion sets are expected to be brisk in Japan, helped by the introduction of Multiplex television broadcasts last year. The new system—which allows the viewer to chose between different sound bands—will stimulate replacement and new sales. Stereo, video tape recorder and microwave ovens sales are also seen as healthy in the domestic market. The company will be introducing more household appliances with greater value built in.

Wireless equipment sales were up 12 per cent, while electric appliance and battery sales gained 18 per cent. The creation of a 100 per cent owned subsidiary to consolidate battery production and sales, called Matsushita Battery Industrial Company, has been announced by Matsushita.

Matsushita's hove video tape recorder system has pulled strongly into the lead over Sony's Betamax system in the U.S. market.

To commemorate its 60th anniversary, Matsushita added a Y2.5 per share special dividend last year, bringing the dividend for the year to Y12.5. Per share net profit was Y62.95, against Y48.23.

Heavy demand for first tax-free Jordan bond

BY RAMI G. KHOURI IN AMMAN

THE FIRST Jordanian bond issue on behalf of a borrower other than the Central Bank to enjoy a new tax exempt status on interest earned, has been bought up quickly by commercial banks and other financial institutions in the country. A JD4m (about $13m) eight-year 6¼ per cent issue for the Free Zones Corporation, a semi-autonomous body, has been fully covered only ten days after being floated on the Jordanian market, General Ali Hassan, the corporation director, said in Amman.

The tax exempt status has previously been reserved exclusively for the central bank's 10-year development bonds issued on behalf of the Government. The issue is guaranteed by the Jordanian Government and is redeemable at par at any time at the Central Bank.

Mohammad Jasir, the Central Bank bonds department director, said here that a total of JD10m in Central Bank development bonds were issued and sold last year, a fall of JD2m from the previous year, reflecting a stronger than expected Government need for long-term funds for development projects from regional and international lending bodies.

He said that this year's new development bond issues would probably remain at about the same level although two-tier issues would be the rule for the year, with higher interest rates, of over 8 per cent on some bonds that would not enjoy a Central Bank redemption commitment, in order to encourage the development of a secondary bonds market on the one-year-old Amman Stock Exchange.

BUILDING SOCIETY INTEREST RATES

GREENWICH
(01-858 8212)
281 Greenwich High Road, Greenwich SE10 8NL
Deposit Rate 6.45%, Share Accounts 8.10%, Sub'pn. Shares 9.25%. Interest paid quarterly on shares/term shares. Monthly Income Shares 8.10%.

LONDON GOLDHAWK
(01-995 8321)
15/17 Chiswick High Road, London W4 2NG.
Sub'pn. Shares 9.75%*. Deposit Rate 7.75%.
Share Accounts 8.50%*. 3 mnths. notice 9.00%*.
Term Shares 9.50%*, 3 yrs. 9.25%*, 2 yrs. 9.00%, 1 yr. 9.00%*, * includes 0.25% Centenary Bonus throughout 1979.

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Pound steady: dollar weak

Trading in yesterday's foreign exchange market was quite active in short spells, but there was nothing really in the way of fresh factors to influence currency movements. Sterling showed a very steady trend, although some market sources found this a little perplexing in the light of current industrial unrest. However, on Bank of England figures the pound's trade-weighted index remained at 63.3, having stood at 63.2 at noon and in the morning. Against the dollar it opened at $1.9916 and touched a low of $1.9985 before improving to a good two-way business to a high of $2.0035 during the afternoon.

It closed at $2.0020-2.0030, a rise of 95 points from Monday's close.

The dollar was generally weaker especially later in the day when keen interest developed in the U.S. gold sale. It finished on or around its worst levels against most currencies. The D-mark improved to DM1.8485 from DM1.8582½ as did the Swiss franc by SwFr 1.6800 from SwFr 1.7000. The Japanese yen rose to Y197.15 from 197.80 and the French franc was stronger at FFr4.2371 compared with FFr4.2660. Using Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation widened to 8.8 per cent from 8.7 per cent. On Bank of England figures, its index fell from 84.1 to 83.9.

FRANKFURT—Once again the Bundesbank declined to intervene when the dollar was fixed later yesterday at DM1.8560 against DM1.8620 on Monday. The slight decline appeared to be mainly due to technical factors, with turnover remaining moderate in steady trading. Later on the U.S. unit fell to DM1.8485, down from an opening level of DM1.8585. This was despite some reported intervention later in the day by the Bundesbank.

MILAN—The dollar was fixed lower against the lira yesterday at L839.2 against L841.55 previously, with the Central Bank again taking in most of the $21.4m traded. This tends to indicate the Italian authorities's determination to maintain some sort of stable exchange rate prior to the official implementation of the EMS.

ZURICH—Trading continued to be rather subdued with the dollar showing a slightly easier tendency in early trading. It slipped to SwFr 1.6947 at mid-morning from a high point of SwFr 1.6987, and DM 1.8548 against DM 1.8580. The U.S. unit may have been affected by uncertainty surrounding the situation in Iran but the level of business continued to be low.

AMSTERDAM — The dollar was fixed at Fl 2.0025 against Fl 2.0105 on Monday.

TOKYO — In rather quiet trading, the dollar showed a slight gain against the yen and closed at Y197.95, compared with Friday's close of Y197.925. Monday being a national holiday, there was no trading on that day. With little in the way of fresh factors to affect the market, the U.S. currency reacted to a little demand for import transactions and traded for most of the day between Y198.0 and Y198.20. Trading in the spot market accounted for $342m, with forwards dealings totalling $81m and swap trading at $697m.

THE POUND SPOT / FORWARD AGAINST £

Jan. 16	Bank rate %	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	9½	1.9885-2.0035	2.0020-2.0030	0.40-0.30c pm	2.10	0.95-0.85c pm	1.80
Canadian $	11¼	2.3850-2.3875	2.3850-2.3870	0.50-0.40c pm	2.26	1.35-1.25c pm	2.18
Guilder	6½	3.97½-4.01	3.98-3.99	1⅞-⅞c pm	4.14	5⅛-4⅛c pm	4.89
Belgian F	6	58.10-58.45	58.25-58.35	20-10c pm	3.09	65-55c pm	4.12
Danish K	8	10.24½-10.29	10.28-10.27½	1ore pm-1ore dis	par	¼-⅞ ore dis	-0.49
D mark	3	3.69½-3.71½	3.69½-3.70½	3½-2½ pf pm	9.72	9⅛-8⅛ pf pm	9.32
Port. Esc.	18	93.20-94.00	93.60-94.00	40-80c dis	-8.30	70-230c dis	-6.38
Span. Pes.	8	139.25-140.15	139.80-140.00	10-80c dis	-3.86	105-205c dis	-4.43
Lira	10½	1,670-1,682	1,678½-1,681½	2 lire pm-par	0.71	4-11 lire pm	0.60
Nrwgn. K.	7	10.12-10.16½	10.14½-10.15½	5⅜-3⅞ ore pm	5.62	11-9 ore pm	3.94
French Fr.	9½	8.47½-8.51	8.49½-8.50½	4⅜-3⅛c pm	5.29	10⅛-9⅛c pm	4.59
Swedish Kr	6½	8.67-8.73	8.71½-8.72½	4⅜-2⅞ ore pm	5.16	11-9 ore pm	4.59
Yen	3½	390-398	393½-396½	4.20-3.80y pm	12.31	11.00-10.70y pm	10.99
Austria Sch.	4½	27.00-27.25	27.15-27.25	20-10gro pm	6.62	52-42 gro pm	6.91
Swiss Fr.	1	3.35-3.38	3.36½-3.37½	4-3c pm	12.49	11¼-10¼c pm	12.79

Belgium rate is for convertible francs. Financial franc 59.35-59.45.

Six-month forward dollar 1.48-1.43c pm, 12-month 2.55-2.45c pm.

THE DOLLAR SPOT AND FORWARD

Jan. 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Canada†	0.8381-0.8408	0.8391-0.8394	0.03-0.01c dis	-0.26	0.06-0.08c pm	0.21
Nethlnd.	1.9930-2.0060	1.9930-1.9940	0.45-0.40c pm	1.99	1.63-1.58c pm	2.38
Belgium	29.150-20.295	29.150-29.170	5-4c pm	1.89	18-16½c pm	2.63
Denmark	5.1270-5.1615	5.1270-5.1300	1.00-1.50gro dis	-1.90	3.00-3.50gro dis	-2.21
W. Ger.	1.8510-1.8590	1.8510-1.8520	1.30-1.20pf pm	7.43	3.62-3.52pf pm	7.72
Portugal	46.80-47.05	46.80-46.95	30-40c dis	-8.99	55-120c dis	-7.49
Spain	70.01-70.11	70.01-70.03	18-28c dis	-3.58	33-93c dis	-5.03
Italy	838.65-840.90	838.65-838.95	1.00-1.50lire dis	-1.80	3.00-3.75lire dis	-1.44
Norway	5.0700-5.0900	5.0700-5.0730	2.50-2.10ore pm	4.50	3.80-3.50ore pm	2.87
France	4.2500-4.2635	4.2500-4.2525	1.30-1.10c pm	2.81	3.20-3.00c pm	2.81
Sweden	4.3545-4.3640	4.3545-4.3575	1.25-1.05ore pm	2.63	3.30-3.10ore pm	2.84
Japan	197.40-197.90	197.40-197.55	1.75-1.65y pm	9.37	4.65-4.55y pm	9.30
Austria	13.545-13.615	13.545-13.555	7.25-6.25gro pm	5.41	18.50-15.75gro pm	5.03
Switz.	1.6865-1.6982	1.6865-1.6880	1.68-1.63c pm	10.41	4.68-4.63c pm	10.89

† U.S. cents per Canadian $.

CURRENCY RATES

January 15	Special Drawing Rights	European Unit of Account
Sterling	0.648416	0.677152
U.S. dollar	1.28766	1.34719
Canadian dollar	1.53038	1.59896
Austrian schilling	17.5805	18.3528
Belgian franc	37.8186	39.5502
Danish krone	6.66364	6.97173
Deutsche Mark	2.39762	2.51060
Guilder	2.58884	2.70998
French franc	5.50797	5.76599
Lira	1083.57	1134.34
Yen	—	266.287
Norwegian krone	6.56097	6.84971
Peseta	90.4066	94.4935
Swedish krona	5.61742	5.88720
Swiss franc	2.19288	2.29610

CURRENCY MOVEMENTS

January 16	Bank of England Index	Morgan Guaranty changes %
Sterling	63.34	-40.8
U.S. dollar	83.87	-8.8
Canadian dollar	73.79	-18.4
Austrian schilling	146.98	+19.3
Belgian franc	114.75	+14.9
Danish krone	119.04	+7.8
Deutsche Mark	150.50	+42.0
Swiss franc	193.18	+81.2
Guilder	125.38	+21.5
French franc	99.81	-5.6
Lira	54.12	-49.3
Yen	146.25	+44.6

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Jan. 16	£	$		£ Note Rates
Argentina Peso	2046-2066	1022-1032	Austria	26¾-27¾
Australia Dollar	1.7520-1.7570	0.8772-0.8783	Belgium	59-60
Brazil Cruzeiro	41.14-42.14	20.54-21.04	Denmark	10.21-10.31
Finland Markka	7.93-7.97	3.96-3.98	France	8.45-8.55
Greek Drachma	71.595-73.345	35.7528-36.627	Germany	3.67-3.77
Hong Kong Dollar	9.5250-9.5500	4.7600-4.7640	Italy	1,660-1,710
Iran Rial	150.19-160.30	75-80	Japan	393-399
Kuwait Dinar (KD)	0.540-0.550	0.2697-0.2747	Netherlands	3.95-4.05
Luxembourg Frc.	58.25-58.35	29.09-29.14	Norway	10.05-10.15
Malaysia Dollar	4.4160-4.4300	2.2210-2.2240	Portugal	91-100
New Zealand Dlr.	1.8875-1.8935	0.9458-0.9480	Spain	143-147
Saudi Arab. Riyal	6.69-6.79	3.3408-3.3908	Switzerland	3.30-3.40
Singapore Dollar	4.3225-4.3485	2.1705-2.1725	United States	19950-2.0050
Sth. African Rand	1.7174-1.7435	0.8576-0.8707	Yugoslavia	39.5-42.5

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Jan. 16	Pound Sterling	U.S. Dollar	Deutsche m'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.003	3.703	394.8	8.496	3.363	3.985	1681.	2.386	58.30
U.S. Dollar	0.499	1.	1.849	197.1	4.243	1.679	1.990	839.2	1.192	29.11
Deutsche mark	0.270	0.541	1.	106.6	2.295	0.908	1.076	453.9	0.644	15.75
Japanese Yen 1,000	2.533	5.073	9.379	1000.	21.53	8.518	10.09	4257.	6.044	147.7
French Franc 10	1.177	2.357	4.357	464.5	10.	3.957	4.690	1978.	2.808	68.61
Swiss Franc	0.297	0.596	1.101	117.4	2.527	1.	1.185	499.8	0.710	17.34
Dutch Guilder	0.251	0.503	0.929	99.08	2.132	0.844	1.	421.7	0.599	14.63
Italian Lira 1,000	0.595	1.192	2.203	234.9	5.057	2.001	2.371	1000.	1.420	34.69
Canadian Dollar	0.419	0.839	1.553	165.4	3.561	1.409	1.160	704.3		24.43
Belgian Franc 100	1.715	3.436	6.351	677.1	14.58	5.768	6.835	2883.	4.093	100.

EURO-CURRENCY INTEREST RATES

Jan. 16	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	11¼-11½	10¼-10⅜	8-9	8-8¼	par-½	2¾-2⅞	6⅜-6⅞	8-10	10¼-10⅜	[illegible]
7 day's notice	11⅛-12	10¼-10⅜	8-9	8-8¼	par-½	2¾-2⅞	6⅜-6⅞	11-12	10¼-10⅜	[illegible]
Month	11⅞-12	10⅜-10½	8⅞-9⅞	8-8¼	par-½	3-3¼	7⅛-7⅜	13-14	10⅝-10¾	[illegible]
Three months	12⅝-12⅞	11⅛-11⅜	10⅛-11	7⅞-8⅛	½-⅞	3⅜-3⅝	8⅛-8⅜	13¼-14¼	11⅛-11⅜	1⅛-2
Six months	12⅝-13⅛	11⅛-11⅜	10⅜-11	7⅞-8⅛	⅞-1⅛	3⅝-3⅞	8⅞-9⅛	13¼-14¼	11⅛-11⅜	2⅛-2⅜
One year	12¾-13¼	11⅛-11⅜	10⅜-11	7⅞-8⅛	1-1⅛	3⅞-4⅛	9⅛-10	14-15	11⅛-11⅜	2⅞-3⅛

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.50-10.60 per cent; three months 11.05-11.15 per cent; six months 11.60-11.70 per cent; one year 11.60-11.70 per cent.

Long-term Eurodollar deposits: two years 10¾-11 per cent; three years 10⅝-10⅞ per cent; four years 10⅝-10⅞ per cent; five years 10½-10¾ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

European rates mixed

Interest rates in Europe yesterday were generally mixed with rates in Paris showing a slightly harder tendency from call money through to longer-term money, while rates in Amsterdam fell. Elsewhere, the Swiss National Bank's foreign currency reserves fell in the week to January 15 by SwFr 80.8m to SwFr 29.373bn. The fall was mainly attributable to an outflow of dollars, which reflected the compulsory conversion of all capital exports into the U.S. currency.

PARIS—Money market rates were firmer throughout. Day-to-day money rose from 6⅞ per cent to 7 per cent, with the one, three and six-month rate all firming to 6⅞-6⅞ per cent from the previous common level of 6⅝-6⅞ per cent. 12-month money was quoted at 7⅛-7⅜ per cent, up from 7⅛-7¼ per cent on Monday.

AMSTERDAM — Interbank money rates were easier throughout with call money at 8 per cent from 8½-8⅞ per cent on Monday, and one-month money at 8⅛-8⅜ per cent against 8⅞-9⅛ per cent. The three-month rate fell to 8-8⅜ per cent from 8⅞-9 per cent and six-month money eased from 8⅜-8¾ per cent to 8-8⅜ per cent.

FRANKFURT — Call money showed a slightly easier tendency while longer term rates were firmer. From 3.1-3.2 per cent on Monday, call money fell to 3.0-3.2 per cent, with one-month money unchanged at 3.5-3.6 per cent. The three-month rate rose to 3.65-3.75 per cent compared with 3.6-3.7 per cent previously, and six-month money was quoted at 3.75-3.85 per cent from 3.7-3.9 per cent. 12-month money was firmer at 4.15-4.25 per cent against 3.95-4.05 per cent.

BRUSSELS—Deposit rates for the Belgian franc (commercial) showed very little change with one-month deposits remaining at 8⅞-9 per cent and three-month deposits quoted at 8⅞-9⅛ per cent against 8⅞-9⅛ per cent on Monday. The six-month rate firmed to 9⅛-9⅜ per cent from 8⅞-9 per cent while 12-month deposits were unchanged at 8⅞-8⅞ per cent.

NEW YORK—After Monday's action by the Fed apparently to tighten credit a little further, Federal funds were steady at 10⅛-10¼ per cent yesterday, although the presumed target rate must now be 10⅛ per cent. Thirteen-week Treasury bills were quoted higher at 9.45 per cent as were 26-week bills at 9.57 per cent. One-year bills rose to 9.57 per cent.

HONG KONG—Conditions in the money market were again steady with call money at 11½ per cent and overnight business dealt at 10½ per cent.

GOLD

Firmer trend

Gold rose sharply in yesterday's bullion market to close at $221-221½, a rise of $4½ an ounce. After opening at $218½-219, the metal dipped very briefly on nervousness ahead of the auction before being fixed at $219.00 in the morning. Still trading at around $219 at noon, a weaker trend in the dollar prompted some short-covering and with New York opening on a firmish undertone, gold was fixed at $220.65 in the afternoon. Later in the day strong bidding developed at the U.S. gold auction and in New York the metal rose to $224.

In Frankfurt the 12½-kilo bar was fixed at DM 13,110 per kilo ($219.78 per ounce) against DM 13,005 ($217.25) previously.

	Jan. 16	Jan. 15
Gold Bullion (a fine ounce)		
Close	$221-221½	$216½-217
Opening	$218½-219	$217½-218
Morning fixing	$219.00 (£109.265)	$216.55 (£108.710)
Afternoon fixing	$220.65 (£110.030)	$216.30 (£108.667)
Gold Coins, domestically		
Krugerrand	$224-226 (£117-118)	$221½-223½ (£110-111)
New Sovereigns	$64-66 (£32-33)	$62-64 (£31-32)
Old Sovereigns	$64-66 (£32-33)	$64-66 (£32-33)
Gold Coins, internationally		
Krugerrand	$227-229 (£113½-114½)	$222½-224½ (£111½-112½)
New Sovereigns	$64-66 (£32-33)	$57-59 (£28½-29½)
Old Sovereigns	$64-66 (£32-33)	$64-66 (£32-33)
$20 Eagles	$325-330	$325-330
$10 Eagles	$158-164	$158-164
$5 Eagles	$123-128	$123-128

UK MONEY MARKET

Moderate assistance

BANK OF ENGLAND MINIMUM LENDING RATE 12½ PER CENT (since November 9, 1978)

Day-to-day credit was in short supply in the London money market yesterday and the authorities gave assistance by buying a small amount of corporation bills, all direct from the discount houses and a small number of Treasury bills. Total assistance was termed as moderate. Discount houses paid down to 10½ per cent for secured call loans although closing balances were taken at 11½-12½ per cent.

The market was faced with a large excess of revenue transfers to the Exchequer over Government disbursements and banks brought forward a very small amount below target. On the other hand, there was a small amount of Treasury bills maturing outside official hands.

In the interbank market overnight loans opened at 10½-11 per cent and rose to 11¼-11½ per cent on the forecast of a fairly large shortage. By noon rates had eased back to around 11 per cent although afternoon trading saw a steady upward movement with rates closing at 15 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Jan. 16 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	10½-15	—	—	—	11-12	10½-12½	—	—	—
2 days notice	—	—	11⅞	—	—	—	—	—	—	—
7 days or..	—	—	—	—	12	11¾	—	—	—	—
7 days notice	—	11⅞-11⅞	11⅞	—	—	—	11-11⅞	—	—	—
One month	11⅞-11⅝	12-12⅛	11⅞-11⅞	—	12-12⅛	12¼	11⅞	11⅞-11⅞	12	12⅛
Two months	12⅛-12	12-12⅛	—	—	12⅛	—	12	11⅞-11⅞	12⅛	12⅜
Three months	12⅛-12⅛	12⅛-12⅜	12⅛-12⅜	12⅛-12⅜	12⅜	—	—	—	12-12⅛	13
Six months	12⅝-12⅜	12⅝-12⅞	12⅜-12⅜	12⅜-12⅜	12⅝	—	—	—	—	—
Nine months	12⅝-12⅝	12⅝-12⅞	—	11⅞-12¼	12⅞	—	—	—	—	—
One year	12⅝-12⅝	12⅝-12⅞	12⅛-12¼	11⅞-12⅛	13	—	—	—	—	—
Two years	—	—	12⅜	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rates nominally three years 12⅜-12⅝ per cent; four years 12⅝-12⅞ per cent; five years 12⅝-13⅛ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12⅛-12⅜ per cent; four-month trade bills 12¾ per cent.

Approximate selling rates for one-month Treasury bills 11⅞-11¾ per cent; two-month 11⅞-11¾ per cent; three-month 11⅞-11½ per cent. Approximate selling rate for one-month bank bills 11⅞ per cent; two-month 11⅞-12 per cent; and three-month 12⅛-12¼ per cent; one-month trade bills 12¾ per cent; two-month 12¾ per cent; and also three-month 12¾ per cent.

Finance House Base Rates (published by the Finance Houses Association) 12½ per cent from January 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 10 per cent. Clearing Bank Rates for lending 12½ per cent. Treasury Bills: Average tender rates of discount 11.7855 per cent.

MONEY RATES

NEW YORK	
Prime Rate	11.75
Fed Funds	10.1875
Treasury Bills (13-week)	9.45
Treasury Bills (26-week)	9.57
GERMANY	
Discount Rate	3
Overnight Rate	3.10
One month	3.55
Three months	3.70
Six months	3.80
FRANCE	
Discount Rate	9.5
Overnight	7.0
One month	6.6875
Three months	6.6875
Six months	6.6875
JAPAN	
Discount Rate	3.5
Call (Unconditional)	4.75
Bills Discount Rate	4.625

Unaudited Results for six months to 30th September 1978

International Esperanza Services

	6 months to 30th September 1978 £'000s	1977 £'000s
Turnover	19,934	17,766
Profit before taxation	1,742	1,665
Profit after taxation	951	919
Earnings per share	7.4p	7.1p
Dividend per share	2.2p	2.0p

Esperanza Trade and Transport Limited

Copies of Interim Statement may be obtained from:
The Secretary,
18, Rood Lane, London EC3M 8AP.

ZETTERS GROUP LIMITED

INTERIM STATEMENT

SIX MONTHS ENDED 30th SEPTEMBER, 1978

Results

The unaudited results of the Group for the six months ended 30th September, 1978 compared with the figures for the year ended 31st March, 1978 were as follows:—

	Six month ended 30th September 1978 £	1977 £	Year ended 31st March 1978 £
TURNOVER			
Football and Bingo	9,897,838	8,132,624	19,060,004
Less: Payments to Pools Winners and Betting Tax	5,253,286	4,273,237	10,398,752
	£4,644,552	£3,859,387	£8,661,252
PROFIT BEFORE TAXATION	608,470	360,998	1,046,784
TAXATION	316,400	187,800	565,412
PROFIT AFTER TAXATION	£292,070	£173,198	£481,372

The increased level of profitability achieved in the second half of last year was maintained during the first half of the current financial year. The Pools and Bingo divisions contributed almost equally to the group profit of £605,470.

Historically the group has earned a larger proportion of its profits in the second half of the financial year, but as a result of the recent expansion it is anticipated that profits will now be more evenly spread.

Dividend

As in previous years it is not proposed to pay an interim dividend. It is, however, the Board's intention—government legislation permitting—to increase the dividend substantially and, if so, next year to consider the payment of an interim dividend.

Current Trading and Prospects

Bad weather conditions have always adversely affected the Group profitability. Even so, record profits are anticipated for the financial year ending 31st March, 1979.

PSIT Property Security Investment Trust Limited

Interim Report

- Increased rental income
- Improved revenue position
- Interim dividend—0.50p per share (1978—0.50p adjusted for scrip issue)
- The Directors anticipate that the total dividend on the ordinary shares for the year will be increased by the maximum permitted under current legislation

	6 months to 30-9-78 (unaudited)	6 months to 30-9-77 (unaudited)	Year to 31-3-78
	£000's	£000's	£000's
Gross Rental Income	1,757	1,516	3,177
Net property & investment income after administration expenses	1,498	1,362	2,687
Interest	1,483	1,462	2,877
Profit/(Loss) before dealing and extraordinary items	78	(44)	(215)
Dividend	114	114	318
Dividend (per share, adjusted for scrip issue)	0.50p	0.50p	1.393p

Wall St. reacts 8.1 on early profit-taking

Closing prices and market reports were not available for this edition.

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—90¼% (90½%)
Effective $2.0025 46½% (45¾%)

PROFIT TAKING brought Wall Street back in its tracks in fairly active early trading yesterday following the recent advance.

The Dow Jones Industrial Average, up nearly 24 points over the past three business days, reacted 8.15 to 840.52 at 1 pm. The NYSE All Common Index retreated 34 cents to $55.97, while falls outpaced gains by a nine-to-five margin. Turnover amounted to 21.73m shares at 1 pm.

Analysts said some weakness in the dollar was a negative factor, while some investors were also worried about market leadership. Gaming shares were among the most active stocks in Monday's stock market rise. However, analysts noted that fourth-quarter earnings reports announced lately have been generally better-than-expected.

Du Pont, which jumped more than 10 points on Monday after announcing a stock split, dividend increase and higher fourth-quarter earnings, lost $2 to $140½. IBM came back 2¾ to $313½ after rising 3½ the previous day on better-than-expected December-quarter profits.

Ramada Inns was again the volume leader but was unchanged at $12. Bally Manufacturing, in second place, put on ¼ to $61¼, while Del E. Webb rose 1⅛ to $21⅜ and Holiday Inns ¼ to $19½.

Manufacturers Hanover added ¼ at $10¾ on higher fourth-quarter net profits. Active McGraw-Hill hardened ¼ to $33¾. American Express has filed a formal offer for McGraw-Hill at $34 a share.

Burroughs fell 1¼ to $76½ despite a rise in fourth-quarter earnings.

THE AMERICAN SE Market Value Index declined 0.77 to 160.36 at 1 pm on volume of 2.27m shares (2.08m).

Canada

Shares tended to lose ground in active trading yesterday morning in line with New York. The Toronto Composite Index shed 2.0 to 1,360.5, while Oils and Gas receded 9.0 to 1,909.9, Metals and Minerals 2.8 to 1,197.9 and Utilities 0.32 to 200.76. Golds, however, rose 18.2 to 1,445.0.

Pacific Petroleum, subject to a C$65.02 a share take-over bid by Petro-Canada, gained ⅝ to C$64½ on 128,323 shares as the most active Toronto issue.

Tokyo

With the market consolidating its position after the recent advance, stocks ended on a mixed note yesterday following a moderate business. The Nikkei-Dow Jones Average eased 5.60 to 6,118.04, while volume came to 300m shares, compared with about 230m in Saturday's half-day session and 410m for Friday's full-day session. The stock market was closed on Monday for a national holiday.

Electricals, Precision Machines and Vehicles lost ground on profit-taking, but non-ferrous Metals, Pharmaceuticals and low-priced issues encountered selective demand.

Fuji Photo Film fell Y23 to Y725, while Takeda Chemical lost Y10 to Y543, Matsushita Electrical Industrial Y12 to Y716, Toyota Motor Y4 to Y885 and Pioneer Electronic Y40 to Y2,040.

In contrast, Kaken Chemical rose Y90 to Y2,090, Green Cross Y80 to Y2,020, Hisamitsu Pharmaceutical Y70 to Y1,370, Mochida Pharmaceutical Y40 to Y1,580, Uchida Yoko Y31 to Y449 and Toyo Suisan Kaisha Y21 to Y611.

Germany

Motor and Engineering shares made the best showing in a mainly firm market yesterday, bolstered by local demand and also buying by large foreign institutional investors. The Commerzbank index put on 3.6 to 839.6.

Among Motors, Daimler-Benz advanced DM 4.00, Volkswagen DM 2.70 and BMW DM 2.40. The Engineerings sector had KHD, Gutehoffnungshuette and Linde up around DM 3.00 apiece. Hoechst, in Chemicals, rose DM 1.80, while Deutsche Bank gained DM 1.90.

Public Authority Bonds sustained further losses extending to 40 pfennigs. The Regulating Authorities bought a nominal DM 8.6m of paper after purchases of DM 9.2m the previous day. Mark Foreign Loans also remained weak.

Paris

Share prices were mixed with a slight majority of declines after a lively session.

Brokers said the raising of the call money rate to 7 per cent from 6¾ had drained some of the vigour from the market. Some profit-taking on the gains of the previous 10 sessions was also reported.

Banks, Mechanicals and Hotels were firmer-inclined, but Foods, Stores, Electricals, Metals and Oils made an easier showing.

Pennaroya were prominently higher with an advance of 11 per cent, while also stronger were Chargeurs Reunis, Screg, Kleber, Generale de Fonderie, Borel, Pierrefitte, Sommer-Allibert and Suez.

Declining issues included Martell, Auxiliaire d'Entreprises, Talcs de Luzenac, Bouygues, Signaux, Chiers, Rhone-Poulenc and Generale des Eaux.

Hong Kong

Market rose sharply following a denial by the Macao Government that the colony's status will change after diplomatic relations are established between Portugal and China. The Hang Seng Index advanced 20.43 to 545.82.

Hongkong Bank moved ahead 50 cents to HK$19, Swire Pacific 45 cents to HK$8.80, Jardine Matheson 40 cents to HK$12.40, Hong Kong Land 35 cents to HK$8.15, Hutchison Whampoa 27.5 cents to HK$4.55 and Wheelock 15 cents to HK$3.05.

Hang Seng Bank rose HK$5 to HK$198, Hong Kong Aircraft HK$3.50 to HK$87, Hong Kong Telephone HK$1.60 to HK$29.30 and Hong Kong Hotels HK$1.20 to HK$18.90.

Australia

The recent rising trend was slowed by profit-taking yesterday, although stocks finished firmer for choice.

The market leader BHP relinquished 12 cents to A$9.62 in brisk trading after recent strength.

Australian Oil and Gas, on announcing a proposed "rights" issue, retreated 11 cents to 75 cents.

On the Mining posts, base metal stocks were keenly sought in early trading, reflecting strong markets for copper, lead and zinc in London, but buying interest later waned. Mount Lyell rose 5 cents to 69 cents, as did BH South to A$1.47.

Johannesburg

Gold shares were modestly firmer in moderate trading in line with Bullion price indications and ahead of the U.S. Treasury auction to be held later that day.

Mining Financials were mixed with a firmer bias. Coppers gained fresh ground, shadowing the trend in free market prices, while Platinum shares were up to 15 cents higher. Collieries were firmer-inclined.

Milan

Prices closed mixed with a lower bias, with the market still influenced by the strike planned by stockbrokers for today and tomorrow.

Amsterdam

Market turned easier in very thin trading, reflecting lack of fresh support.

Van Ommeren receded Fl 4.50 and KLM Fl 2.80, while shares recording losses ranging between Fl 1 and Fl 2 included Pakhoed, Deli, Gist Brocades and Ned-Lloyd.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
⊕ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m% tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

NEW YORK

Stock	Jan. 15	Jan. 12
Abbott Labs.	35¾	35¾
AM International	24½	24¼
Aetna Life & Ca.	42½	41⅞
Airproducts	26⅛	25⅛
Alcan Aluminium	35⅝	35⅝
Alcoa	49⅝	49⅝
Alleg. Ludlum	16¾	16⅞
Allegheny Power	16	16⅛
Corning Glass	58⅜	57
CPC Int'rn'tional	51	51¼
Crane	26¾	26
Crocker Natl.	27⅝	27⅛
Crown Zellerb'h.	32⅜	32⅛
Cummins Engine	35⅜	36½
Curtiss Wright	15½	15⅝
Dana	30	30⅛
Dart Industries	42	43⅝
Johns Manville	25¼	24⅞
Johnson Johnson	76¼	75¾
Johnson Control	27	26⅞
Joy Manufacturg	32½	31½
K. Mar Corp	23⅞	23⅜
Kaiser Alumini'm	18⅛	18¼
Kaiser Industries	2⅛	2⅛
Kaiser Steel	21	21
Kaneb Services	13⅞	13¾
Kay	13½	13¼
Revlon	53⅛	55
Reynolds Metals	35¼	35
Reynolds R.J.	56⅝	56⅞
Rich'son Merrell	24⅛	24⅛
Rockwell Inter.	35⅝	35⅝
Rohm & Haas	36¼	36
Royal Dutch	63½	63
RTB	13	12¾
Ross Togs	10¾	10⅞
Ryder System	24	24¼
Woolworth	20⅞	20⅛
Wyly	5⅝	5⅝
Xerox	61	60⅞
Zapata	12⅞	13⅜
Zenith Radio	14½	14¼
U.S. Treas.4% '80	†94⅝	†94⅝
USTreas4¼%75/85	†78⅛	†78⅛
U.S. 90-day bills	9.37%	9.36

CANADA

GERMANY ◆

Jan. 16	Price Dm.	+ or —	Div. %	Yld. %
AEG	76.6	+0.2	—	—
Allianz Versich.	506	+1	31.2	3.1
BMW	254.4	+2.4	28.12	6.0
BASF	137.5	+0.8	18.75	6.8
Bayer	137.1	+1.5	18.75	6.8
Bayer.Hypo	303.0	−0.5	28.12	4.6

TOKYO ¶

Jan. 16	Prices Yen	+ or —	Div. %	Yld. %
Asahi Glass	353	−7	14	2.0
Canon	532		12	1.1
Casio	872	+2	25	1.4
Chinon	395	+16	20	2.5
Dai NipponPrint	574	+1	18	1.6
Fuji Photo	725	−23	15	1.0
Hitachi	271	−1	12	2.2

AUSTRALIA

AMSTERDAM

BRUSSELS/LUXEMBOURG

COPENHAGEN ♣

VIENNA

SWITZERLAND ⊕

MILAN

PARIS

OSLO

BRAZIL

JOHANNESBURG

SPAIN ♥

STOCKHOLM

Indices

EUROPEAN OPTIONS EXCHANGE

BASE LENDING RATES

A.B.N. Bank	12½%
Allied Irish Banks Ltd.	12½%
Amro Bank	12½%
American Express Bk.	12½%
A P Bank Ltd.	12½%
Henry Ansbacher	12½%
Associates Cap. Corp.	12½%
Banco de Bilbao	12½%
Bank of Credit & Cmce.	12½%
Bank of Cyprus	12½%
Bank of N.S.W.	12½%
Banque Belge Ltd.	12½%
Banque du Rhone et de la Tamise S.A.	13%
Barclays Bank	12½%
Barnett Christie Ltd.	13½%
Bremar Holdings Ltd.	13½%
Brit. Bank of Mid. East	12½%
■ Brown Shipley	13½%
Canada Perm't Trust	13%
Cayzer Ltd.	12½%
Cedar Holdings	13%
■ Charterhouse Japhet	12½%
Choulartons	12½%
C. E. Coates	13½%
Consolidated Credits	12½%
Co-operative Bank	*12½%
Corinthian Securities	12½%
Credit Lyonnais	12½%
Duncan Lawrie	12½%
The Cyprus Popular Bk.	12½%
Eagil Trust	12½%
English Transcont.	13½%
First Nat. Fin. Corp.	14%
First Nat. Secs. Ltd.	14%
■ Antony Gibbs	12½%
Greyhound Guaranty	12½%
Grindlays Bank	‡12½%
■ Guinness Mahon	12½%
■ Hambros Bank	12½%
■ Hill Samuel	§12½%
C. Hoare & Co.	†12½%
Julian S. Hodge	13½%
Hongkong & Shanghai	12½%
Industrial Bk. of Scot.	12½%
Keyser Ullmann	12½%
Knowsley & Co. Ltd.	14½%
Lloyds Bank	12½%
London Mercantile	12½%
Edward Manson & Co.	13½%
Midland Bank	12½%
■ Samuel Montagu	12½%
■ Morgan Grenfell	12½%
National Westminster	12½%
Norwich General Trust	12½%
P. S. Refson & Co.	12½%
Rossminster	12½%
Royal Bk. Canada Tst.	12½%
Schlesinger Limited	12½%
E. S. Schwab	12½%
Security Trust Co. Ltd.	13½%
Shenley Trust	14%
Standard Chartered	12½%
Trade Dev. Bank	12½%
Trustee Savings Bank	12½%
Twentieth Century Bk.	13½%
United Bank of Kuwait	12½%
Whiteaway Laidlaw	13%
Williams & Glyn's	12½%
Yorkshire Bank	12½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%, 1-month deposits 10¼%.
† 7-day deposits on sums of £10,000 and under 10%, up to £25,000 10¼%, and over £25,000 10¾%.
‡ Call deposits over £1,000 10%.
§ Demand deposits 10%.

Companies and Markets

COMMODITIES, RAW MATERIALS and AGRICULTURE

Tapioca now Thailand's main export

BANGKOK.—Tapioca last year became Thailand's biggest export commodity, with exports rising to 8.28m tonnes worth $530m from 3.87 tonnes valued at $380m in 1977, the Tapioca Trade Association said.

The 1978 total included 5.7m tonnes of tapioca pellets, 300,000 tonnes of chips and 200,000 tonnes of flour.

The Netherlands was the biggest buyer, taking 4.2m tonnes, with Belgium taking 500,000 tonnes and West Germany and France 400,000 tonnes each.

In Paris meanwhile M. Philippe Nesser, president of the French Wheat Producers Association (AGPB), said the problem of Thai tapioca imports into the EEC was likely to be linked by France to EEC negotiations on reforming Monetary Compensations Amounts (MCAs) which are impeding the start of the European Monetary System.

He said the French Government had not made enough effort to solve the problem and was only now beginning to appreciate the harm it did to French farmers by undercutting animal feed prices.

Reuter

NZ Minister to visit U.S. and Europe

By Dai Hayward

MR. BRIAN TALBOYS, New Zealand's Minister of Overseas Trade, is to make an unscheduled trip to America at the end of this week before going on to Europe.

It is understood Mr. Talboys will be stressing at the highest possible levels New Zealand's concern over potential trade restriction against New Zealand beef in America and New Zealand butter in Britain and Europe.

Australian meat export record

SYDNEY—Australian meat exports rose to a record 1,025,765 tonnes in 1978 from 996,580 tonnes in 1977, the Australian Meat and Livestock Corporation announced yesterday.

Reuter

Farm White Paper next month

BY CHRISTOPHER PARKES

THE REVISED version of the Government's ill-fated White Paper, Food from our Own Resources, is expected to be published in mid-February, according to Ministry of Agriculture officials.

Tentatively renamed Farming and the Nation, the document will once again be published as an official White Paper policy document.

Because of the disasters which befell the expansionist plans contained in the original—the droughts of 1975 and 1976 effectively crushed all hopes of targets being met—observers expected only a general discussion document or Green Paper from the Ministry this time.

The other long-awaited report from the Ministry—Lord Northfield's version of the Doomsday Book, cataloguing patterns of land ownership in Britain—is still not complete.

Delays in compilation and difficulties with printing are expected to hold up publication for at least another month.

● Farmers' spending on buildings and essential works like drainage is still running far below necessary levels, the Country Landowners' Association said yesterday.

Even though investment last year rose 5 per cent according to the Annual Review of Agriculture White Paper, it was still only around two-thirds the level between 1972 and 1974.

French producer group raises zinc price

BY JOHN EDWARDS, COMMODITIES EDITOR

A RISE in the European producer price of zinc, from $720 to $760 a tonne, was announced yesterday by the Penarroya group in Paris.

The announcement came shortly before the close of the London Metal Exchange zinc market and had little impact.

Predictions of a possible increase in the European producer price have been circulating for some time, but there is considerable uncertainty as to whether demand is sufficiently strong for a general rise to be sustained.

The reaction of other producers to Penarroya's move will, therefore, be watched with considerable interest.

Severe production cutbacks have reduced surplus stocks of zinc considerably and enabled the producer price to be lifted from $600 a year ago.

However, demand is not believed to be particularly strong, and it is rumoured that some producers might prefer to step up production, particularly as this might be linked with increasing output of zinc's sister metal, lead, which is in very short supply and fetching very profitable prices.

Lead values, in fact, came back sharply yesterday. The cash price closed £14.5 down at £503 a tonne and fell further on the late kerb.

The downturn was attributed mainly to lack of buying interest in strong contrast to heavy purchases made in recent weeks.

However, selling was encouraged by reports of big fresh supplies coming into the LME warehouses, and rumours of Government interference to curb speculation.

It was not made clear where the supplies of lead, which is supposed to be in short supply worldwide, were coming from.

The rumours about curbing speculation seems to be a repetition of similar unconfirmed reports in New York last month, apparently triggered off by the Bank of England's routine monthly survey of the metal markets.

There is a tendency whenever lead prices rise so rapidly to blame speculation. But on this occasion, according to market sources, there is less outside speculation than usual with the main buying pressure coming from the trade, including the Soviet Union and Far Eastern countries.

There seems little reason, therefore, for the Bank to intervene on this occasion.

Threat to Brazil soyabean crop

RIO DE JANEIRO—Brazil may already have lost some of its forthcoming soyabean crop because of the current drought in Rio Grande do Sul state, according to some local farming organisations.

Sources from the Fecotrigo Co-operative Federation in Porto Allegre estimated yesterday that about 10 per cent of the state's crop could have been destroyed.

Meanwhile the Cotrisa Co-operative in Santo Angelo said that 35 per cent of its early variety soyabeans, 15 per cent of medium varieties and 10 per cent of late varieties had been lost. This represents an average loss of 19.5 per cent in the area.

But Cotrijui Co-operative sources said they did not think there had been any dramatic losses so far while the Ministry of Agriculture repeated that it saw no firm evidence of irreparable crop damage and dismissed crop loss reports as "speculation."

The Ministry said last Friday's increased official crop estimate of 13.75-14.15m tonnes was based on information collected up to the end of last week.

Ministry sources said reports they had received showed Rio Grande do Sul soil humidity levels were generally below normal, but had not fallen drastically.

But they added that the state needed at least 40 mm of rain on two occasions before the end of this month to overcome the current problem.

Reuter

Big sugar surplus to continue

By Our Commodities Staff

SUGAR SUPPLIES available to the world free market will exceed demand by more than 6m tonnes in 1979, and it will be difficult for the International Sugar Agreement to push prices up to its "floor" level of 11 cents a pound.

That is the view taken by F. O. Licht, sugar statistician, in his latest assessment of the world supply-demand situation issued yesterday.

He estimates that member countries of the Agreement will hold 5.8m tonnes off the market. But there will still be an excess supply of 244,000 tonnes which could be increased to 650,000 tonnes if Spain decides to export its surplus rather than turn it into alcohol.

However, this balance could be changed either way by the development of the Cuban crop; whether China steps up imports; and the outcome of the EEC talks with the International Sugar Council to curb its exports, which represent some 18 per cent of total free market supplies at present.

Much will also depend, says Licht, on the outlook for 1979-1980 output.

Meanwhile Reuter reported from Paris that the French Beet Growers Federation had recommended its members to cut back on plantings of "C" quota sugar this year because it was unprofitable to grow at current world market prices.

EEC proposes agricultural research plan

BRUSSELS — The EEC Commission has proposed an agricultural research and development programme which would cost member states around 13m units of account.

The five-year programme, which would start in June, comprises research into the use of maize as food for meat cattle, a programme investigating the production of single-cell protein and its use as animal feed, research into milk feeding of piglets and research into the mineral enrichment of soil cultures.

The EEC contribution for such research is estimated at around 1.76m UA.

Reuter

TOKYO ROUND

Wheat talks discord threatens trade pact

BY BRIJ KHINDARIA IN GENEVA

A NEW WHEAT trade convention (WTC) to replace the one due to expire in June remains well out of the reach of negotiators here and in casting a deep shadow over hopes of a successful outcome for the entire Tokyo Round of trade negotiations.

The main battles in 57 weeks of international bargaining on wheat so far have been between the European Community and the U.S. but Argentina, Australia and Canada have also shown their diplomatic muscle.

Pressure for agreement has reached peak intensity now because of emerging accords among the major participants in the industrial sector of the Tokyo Round, which cannot be concluded without a satisfactory deal on wheat.

On January 4, this year, President Carter gave 90-day notice to the U.S. Congress announcing his intention of signing the new international trade package being worked out in the Tokyo Round. The European Community's Council of Ministers meets on February 5 in Brussels to decide whether it is ready to sign on the dotted line.

Tokyo Round participants will therefore be looking anxiously at a further two-weeks of negotiations starting here on January 22. They will centre on the wheat trade convention under the auspices of the UN Conference on Trade and Development (UNCTAD).

The convention concluded in UNCTAD negotiations will become part of the Tokyo Round's agricultural package.

The basic aim underlying the negotiations is to organise the world wheat market to prevent wide price fluctuations. The method proposed is a system of internationally-held reserve stocks which would be collected when world prices are low and released when prices are high, to keep the average price within an agreed maximum range.

Substantive accord has been reached on the agreement's overall shape and its main characteristics, but fundamental disputes continue on how the skeleton should be fleshed out.

The main points of discord are: the size of total reserves and their distribution among individual countries, the maximum and minimum price range, and privileges to be given to developing countries, particularly the poorest among them.

The key feature of the convention's current draft is that each member country would hold a reserve stock of wheat which would be collected and released according to international guidelines laid down in the convention.

In addition, the draft provides for consultations—to review the market situation before reserve action is taken, to agree on a programme for compulsory buying or selling which would be triggered automatically if no other accord is reached, and to agree on actions, such as production adjustment, to be taken if the intervention system fails to stabilise the market.

The maximum and minimum price range would have three levels of prices above and below a reference level. The first price point would trigger consultations, the second would trigger intervention buying or selling, and the third would be the extreme level bringing participants together for emergency measures to prevent the price from rising any higher or plunging any lower.

Naturally, the price range has been the most difficult argument to settle. The main exporters, namely the U.S., Canada, Australia and Argentina, are pressing for a higher bracket while the consumers are seeking a much lower level. The EEC is trying to act as a bridge between the two groups.

The total size of reserve stocks is also causing soul-searching, with the U.S. demanding a target of 30m tonnes including contributions from the Soviet Union and developing countries, and the Community holding out for exactly half that figure.

The argument on how the total reserves would be shared out is thornier still. Despite bilateral talks earlier this month between the U.S. and Common Market the share-out patterns proposed by each differ significantly.

The U.S. has said that it is ready to hold 5m tonnes provided others contribute their full shares under the share-out formula.

The stock-holding requirement is causing major problems for developing countries who say that they are too poor to afford such obligations. They are seeking the creation of a new stock-financing fund paid for entirely by the developed countries.

This has, of course, not gone down well with the richer nations who insist that existing international financial institutions should carry that burden.

The developing countries also want to get first choice when wheat is released from stocks to bring down world prices, and to be exempted from adjustment measures taken by convention members in crisis situations at the extreme price level points.

The richer nations have accepted the latter demand but are still considering the former. The more advanced among the developing countries have taken a subtle position saying that any new stocks-operations fund should give interest-free loans only to the poorest nations.

Another difficulty is the demand by importers for firm supply guarantees, particularly in years of short supply. Exporters do not want to make commitments without obtaining promises from importers to hold large reserve stocks for the lean years. There is general consensus that there will be no export embargoes except in extreme situations yet to be agreed.

The entire wheat trade convention as outlined in the current draft text could be unravelled if negotiators find next week that they still cannot find compromises on the key issues of stock sizes and price levels.

Such continuing and fundamental disagreement would mean that the entire basis of the accords so far would have to be reviewed, and Mr. Arthur Dunkel, the conference's Swiss chairman, has not yet definitely discounted this possibility.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Slightly firmer but well below the day's highest levels on the London Metal Exchange. Forward metal opened at £848, reflecting the overnight rise on Comex, but then eased back to £843 at the start of the morning rings owing to profit-taking. A higher Comex opening on the afternoon pushed the price here up to £847 in the afternoon but renewed profit-taking saw the price dip to close at £843.5 on the late kerb. Turnover 29,775 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
Wirebars				
Cash	825.5	+3.75	825.5-6	+.25
3 months	843.5-4	+3	842.5-3	+1.5
Settl'm't	825.5	+3.5		
Cathodes				
Cash	814.5-5	+3.5	808.5-9.5	+.5
3 months	833.5-4	+3.5	828.5-	+1.75
Settl'm't	815	+3.5		
U.S. Prod	—		*73.5	

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £826, 26.5, 26, 25.5, three months £843, 43.5, 44, 44.5, 44, 44.5, 45, 45.5, 45. Cathodes, cash £814, 15, three months £833, 34. Kerb: Wirebars, three-months £845.5, 47, 46.5. Afternoon: Wirebars, three-months £844, 43.5, 42, 41.5, 41, 41.5, 42. Kerb: Wirebars, three months £845, 45.5, 45, 44.5, 44, 43.5, 43, 42, 42.5, 41.5, 42, 41, 41.5, 41, 42.

TIN—Lower. Forward metal opened lower at £6,700 owing to a sharp fall in overnight U.S. markets which had reacted to rumours of the possible release from GSA stockpiles of 35,000 tonnes of tin. However, a rise in the Penang market prompted fresh buying which took forward metal up to £6,745 in the afternoon. [illegible]

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6800-50	+5	6785-805	—50
3 months	6770-80	+12.5	6710-50	—45
Settl'm't	6850	+10		
Standard				
Cash	6850-5		6755-65	—75
3 months	6735-45	—2.5	6680-5	—70
Settl'm't	6855	—5		
Straits E.	†1776	—2.5		
New York	—			

Morning: Standard, cash £6,850, 40, 45, 40, 35, 30, 25, three months £6,750, 40, 45, 40, 45, 50, 55, 40, 50, 45, 40.

LEAD—Lost ground in hectic trading with the market moving erratically. [illegible]

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	514-.5	—12	500.5	—14.5
3 months	466.5-7	—8.75	456-8	—10
Sett'ment	515	—12		
U.S. Spot			*40.42	

[illegible]

ZINC—Easier in subdued trading. Forward metal rose to £374 in the morning following the rises in copper and lead, but the price eased back in the afternoon to close around £370.5. Turnover: 8,800 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	361-.5	+1	357.5-8.5	—1
3 months	373-.25	+.875	369.5-70	—1.5
S'ment	361.5	......		......
Prim.west	—	......	*34.5-35	......

Morning: Cash £362, 61, three months £373, 73.5, 74, 73. Kerb: Three months £373. Afternoon: Three months £371, 70.5, 71, 70, 69, 69.5, 70. Kerb: Three months £370, 69.5, 70, 71, 71.5.

ALUMINIUM—Barely changed in quiet trading. Forward metal traded in the £626-£629 range reflecting the fluctuations in sterling prior to closing at £628.5 on the late Kerb. Turnover: 1,275 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£		£	
Spot	629.5-31	+1.5	627-9	—.25
3 months	629.5-30	+2	629-.5	+2.5

Morning: Three months £627, 28, 30. Afternoon: Three months £628, 27, 26, 27.5. Kerb: Three months £626.5, 27, 27.5, 28.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 5.1p an ounce higher for spot delivery in the London bullion market yesterday at 303.1p. U.S. cent equivalents of the fixing levels were: spot 604.2c, up 7.0c; three-month 616.6c, up 9.4; six-month 629.6c, up 10.1c; and 12-month 659.9c, up 13.6c. The metal opening at 301½-302½p (601-602½c) and rose strongly during the day to close at 308-309p (616-618c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	303.1p	+5.1	308.3p	+10.1
3 months	310.8p	+4.8	316.25p	+10.1
6 months	318.2p	+4.9	—	......
12 months	335.9p	+4.9	—	......

LME—Turnover 463 (66) lots of 10,000 ozs. Morning: Three months 310.8, 11, 11.2, 11.3, 11.4. Kerb: Three months 311.3, 11.4. Afternoon: Three months 314, 14.3, 14.1, 14.2, 14.3, 14.2, 16, 16.2, 16.3, 16.4, 16.4, 16.4, 16.3, 16.5, 16.4, 16.3, 16.2. Kerb: Three months 316.5, 16.7, 16.5, 16.4, 15.4, 15.5, 15.7, 15.8, 16, 15.9, 15.5.

COTTON

LIVERPOOL COTTON—Spot and shipment sales in Liverpool amounted to 210 tonnes, the first transactions this week. Despite the many problems relating to imports and transportation of goods, small purchases were recorded in Middle Eastern growths, as well as African qualities.

COCOA

Despite small rallies, Commission House selling throughout the day pushed the market down to close at around new lows, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
March	1841.0-42.0	—19.0	1860.0-28.0
May	1866.0-68.0	+8.0	1880.0-55.0
July	1888.0-90.0	—21.0	1905.0-78.0
Sept	1906.0-08.0	—18.5	1941.0-06.0
Dec	1925.0-32.0	—47.0	1970.0-25.0
March	1932.0-37.0	—30.0	1977.0-40.0
May	1940.0-55.0	+34.5	1962.0-50.0

Sales: 5,604 (3,456) lots of 10 tonnes. International Cocoa Organisation (U.S. cents per pound): Daily price for Jan. 15 166.78 (168.66). Indicator price for Jan. 16: 15-day average 174.34 (175.47); 22-day average 175.77 (176.33).

COFFEE

ROBUSTAS remained in the recent range in quiet conditions which reflected a general lack of trade interest, Drexel Burnham Lambert reported. At the close the market was unchanged to £5 lower on balance and there was no fresh physical news.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
January	1615-1617	—21.5	1625-1615
March	1350-1351	......	1350-1347
May	1244-1245	—37.0	1250-1245
July	1209-1205	—32.0	1216-1196
September	1165-1166	—35.5	1175-1165
November	1135-1136	—34.5	1140-1135
January	1110-1135	......	1130-1115

Sales: 1,742 (2,044) lots of 5 tonnes. ICO Indicator prices for Jan. 15 (U.S. cents per pound): Colombian Mild Arabicas 170.00 (same); unwashed Arabicas 136.00 (same); other Mild Arabicas 129.67 (129.00); Robustas ICA 1976 134.00 (133.00); Robustas ICA 1968 134.50 (134.00); Daily average 131.28 (131.18).

GRAINS

LONDON FUTURES (GAFTA)—Wheat opened 15p lower on January 15, higher on March and May. Good country selling of the spot eased values to trade 35p lower. March and May options also eased and closed 25p lower on the day. Barley opened 10p higher and saw initial buying interest to trade 20p higher. Commercial selling was seen at these levels and values eased to close unchanged on January to 15p lower. New crop values eased in thin trading to close 10p lower on wheat to 25p lower on barley, Acli reported.

	WHEAT		BARLEY	
M'nth	Yesterday's close	+ or —	Yesterday's close	+ or —
Jan	91.00	—0.55	84.35	......
Mar	92.90	—0.25	86.10	—0.15
May	95.55	+0.25	88.70	—0.18
Sept	89.95	—0.10	83.95	—0.25
Nov	92.90	......	86.95	—0.25

Business done—Wheat: Jan. 91.40-90.95, March 93.30-92.85, May 96.00-95.60, Sept. 90.05-90.05, Nov. nil. Sales 180. Barley: Jan. 84.55-84.20, March 86.45-86.10, May 89.00-88.75, Sept. 84.00-83.95, Nov. nil. Sales 134.

HGCA—Location ex-farm spot prices: Other milling wheat: N.E. England 92.50, Berks and Oxon 92.10. Feed barley: N.E. England 81.40, Berks and Oxon 81.30.

The UK monetary coefficient for the week beginning January 22 (based on HGCA calculations) is expected to increase to 2.282.

IMPORTED—Wheat: CWRS No. 1 13½ per cent unquoted. U.S. Dark Northern Spring No. 2 14 per cent. Jan. 91.50, Feb. 91.50, March 91.50, transhipment East Coast. April-May 87 Tilbury. U.S. Hard Winter 13½ per cent Jan. 87.25 Feb. 87.25, March 87.25, transhipment East Coast. EEC unquoted. Maize: U.S./French Jan. 107.50, quoted East Coast. S. African White Jan. 69. S. African Yellow Jan. 69. Barley: English feed fob Jan. and Feb. unquoted April-June 91.50.

EEC IMPORT LEVIES—The following levies and premiums are effective for January 17 in order of current levy plus Feb., March and April premiums, (with previous in brackets) all in units of account per tonne. Common wheat: 83.95, nils (84.55, nils). Durum wheat: 123.4, nils (122.54, nils). Rye: 89.93, nils (89.93, nils). Barley: 91.3, 3.81 (91.33). Oats: 85.29, 0.91 (6.20, nils). Maize (other than hybrid for seeding): 77.30, nil, 1.51 (7.05, nil, nil, 0.76). Buckwheat: 4.65, nils (4.65, nils). Millet: 73.87, nils (73.87, nils). Grain sorghum: 80.59, nils (81.22, nils, 2.69).

PRICE CHANGES

Price in tonnes unless otherwise stated.

	Jan. 16 1979	+ or —	Month ago
Metals			
Aluminium	£710		£710
Free market (cis)	$1,335-55		$1,175/90
Copper cash W Bar	£825.5	+.25	£769
3 months do. do.	£842.75	+1.5	£785.25
Cash Cathode	£808	+2.0	£756
3 months do.	£828.25	+1.75	£772.25
Gold troy oz.	$221.375	+4.75	$212.25
Lead cash	£503	—14.5	£425.5
3 months	£457	—10	£403.25
Nickel			
Free Market (cif)(lb)	$1.63		$1.68
	1.76		1.80
Platinum troy oz.	£152		£156
Free Market	£178.75	+4.9	£172.9
Quicksilver	$155-160		$146/52
Silver troy oz.	303.1p	+5.1	298.65p
3 months	310.8p	+4.8	306.15p
Tin cash	£6,760	—75.0	£7,035
3 months	£6,682.5	—70.0	£6,895
Tungsten	$140.58		$146.46
Wolfram 22.04 cif	$141/46		$137/42
Zinc cash	£358	—1.0	£343.75
3 months	£369.75	—1.5	£355.25
Producers	$720		$720
Oils			
Coconut (Phil)	$1015r	+15.0	$955
Groundnut	£		£
Linseed Crude	£378		£355
Palm Malayan	$542s	+2.0	$620
Seeds			
Copra Philip	$685	+15.0	$612.5
Soyabean (U.S.)	$295	+3.0	$286
Grains			
Barley			
Home Future	£86.1	—0.15	£85.6
Maize			
French No. 3 Am	£107.5	......	£106
Wheat			
No. 1 Red Spring	‡	......	£96.25
No. 2 Hard Winter	£87.25q	......	£87
English Milling †	£93.5s	......	£93.5
Other Commodities			
Cocoa Shipment	£1,918	—32.0	£2,040
Future May	£1,867	—32.5	£1,979.7
Coffee Future			
Mar	£1,350.5	......	£1,247.5
Cotton 'A' Index	76.65c	......	79c
Rubber kilo	55p	......	56.75p
Sugar (Raw)	£94	—2.0	£101
Wooltops 64s (kilo)	268p	......	271p

* Nominal. † New crop. ‡ Unquoted. n Jan.-March. q Jan.-Feb. r Feb.-March. s March. t Feb. x per ton. z Indicator.

Flour levies: Wheat or mixed wheat and rye flour: 129.02 (129.86). Rye flour: 137.38 (137.38).

RUBBER

EASIER opening on the London physical market. Fair interest at lower levels, closing barely steady. Lewis and Peat reported the Malaysian godown price was 232 (235) cents a kilo (buyer, February).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
Feb	55.45-55.50	55.55-55.70	55.70-55.40
Mar	56.00-56.05	56.25-56.40	56.25-55.70
Apr-Jne	57.10-57.15	57.65-57.70	57.75-56.85
Jy-Sept	59.25-59.50	59.75-59.80	59.80-59.08
Oct-Dec	61.40-61.45	61.85-61.90	61.60-61.20
Jan-Mar	63.65-63.70	63.95-64.00	63.65-63.40
Apr-Jne	65.60-65.65	66.10-66.20	66.50-65.60
Jy-Sept	67.85-68.05	68.25-68.35	68.45-67.70
Oct-Dec	70.05-70.10	70.40-70.45	77.70-69.80

Sales: 58 (102) lots of 5 tonnes; 420 (370) lots of 15 tonnes.

Physical closing prices (buyers) were: Spot 55p (same); Feb. 56.75p (same); March 57.25p (same).

WOOL FUTURES

LONDON GREASY—Close (in order buyer, seller): March 208.0, 210.0; May 214.0, 218.0; July 220.0, 225.0, 2; Oct. 234.0, 240.0; Dec. 235.0, 242.0; March 236.0, 244.0; May 239.0, 250.0; July 239.0, 250.0. Sales: 2.

SYDNEY GREASY—Close (in order buyer, seller, business, sales). Micron Contract: March 347.8, 348.5, 349.1-348.0, 42; May 356.0, 356.5, 356.5-356.0, 3; July 360.1, 361.8, 361.8-361.0, 11; Oct. 362.5, 363.2, 363.5-363.0, 8; Dec. 367.0, 368.0, nil, nil; March 369.0, 370.0, nil, nil; May 372.0, 374.0, nil, nil; July 373.5, 376.5, nil, nil. Sales 64.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller): March 180.00, 184.00; May 182.0, 185.0; July 184.0, 188.0; Oct. 187.0, 190.0; Dec. 190.0, 194.0; March 191.0, 195.0; May 193.0, 199.0; July 193.0, 199.0. Sales: Nil.

SOYABEAN MEAL

	Yesterday's Close	+ or —	Business Done
	£ per tonne		
February	129.40-29.6	+0.55	129.50-28.00
April	124.60-24.7	+0.70	124.80-24.50
June	123.50-24.0	—0.20	125.10-24.00
August	124.50-25.0	+0.35	
October	121.50-22.5	+0.25	
December	122.00-25.0	+0.15	
February	121.00-24.0	+0.50	

Sales: 124 (106) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICES (raw sugar) £94.00 (£96.00) a tonne cif for Nov.-Dec. shipment. White sugar daily price was fixed at £104.00 (£106.00).

Prices made small gains in quiet trading conditions, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
March	102.65-02.90	102.15-02.25	103.25-01.75
May	105.15-05.20	104.75-04.80	105.75-04.00
Aug.	108.65-08.90	108.15-08.20	108.75-08.00
Oct.	111.55-11.70	110.90-11.00	111.60-10.75
Dec.	113.90-14.50	113.40-13.75	114.00-13.75
March	118.60-18.75	118.00-18.25	118.40-18.40
May	121.25-21.70	121.00-21.50	

Sales: 1,463 (1,301) lots of 50 tonnes. Tate and Lyle ex-refinery price for granulated basis white sugar was £264.65 (same) a tonne for home trade and £310.00 (£168.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for Jan. 15: Daily 7.68 (7.51); 15-day average 7.73 (7.71).

WHITE SUGAR—Close (in order buyer, seller, business, sales): Feb. expired, 95.00, 5; April 98.75, 99.75, 99.50-98.50, 16; July 105.00, 107.00, 106.00-105.50, 35; Sept. 111.60, 111.85, 111.50-111.00, 10; Nov. 117.00, 118.50, 117.50, 5; Feb. 123.00, 125.00, nil, nil; April 128.00, 131.00, nil, nil. Sales: 71.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Eire hindquarters 72.0 to 76.0, forequarters 47.0 to 48.0.

Lamb: English small 58.0 to 64.0, *small 66.0, medium 58.0 to 64.0, heavy 52.0 to 60.0; Scotch medium 58.0 to 62.0, heavy 52.0 to 62.0.

Pork: English, under 100 lbs 36.5 to 46.0, 100-120 lbs 36.5 to 45.0, 120-160 lbs 35.0 to 42.0.

* Special quotation—very high quality produce in limited supply.

MEAT COMMISSION—Average fatstock prices at representative markets on Jan. 16. GB—Cattle 73.38p per kg.l.w. (—0.15). UK—Sheep 141.6p per kg est.d.c.w. (+1.9). GB—Pigs 62.4p per kg.l.w. (+0.5). England and Wales: Cattle numbers up 2.9 per cent, average price 73.23p (+0.18). Sheep up 5.7 per cent, average 142.0p (+1.8). Pig down 8.6 per cent, average 62.2p (+0.5). Scotland: Cattle up 29.0 per cent, average 73.85p (—1.54). Sheep down 22.5 per cent, average 129.1p (—0.1). Pig up 55.8 per cent, average 63.9p (—0.3).

English produce: Potatoes—Per 25 kilos 1.80-2.20. Lettuce—Per 12 round 1.80. Mushrooms—Per pound 0.50-0.60. Apples—Per pound Bramley 0.06-0.14; Cox Orange Pippin 0.06-0.15; Spartan 0.08-0.10. Pears—Per pound Conference 0.09-0.14, Comice 0.15-0.20. Cabbages—Per crate 1.80-1.89. Beetroot—Per 28 lbs 1.00. Carrots—Per 28 lbs 0.80, 1.20. Onions—Per bag 2.20-2.80. Rhubarb—Per pound 0.24-0.25. Swedes—Per 28 lb 1.20-1.30. Turnips—Per 28 lb 1.00-1.20. Parsnips—Per 28 lb 1.30-1.50. Sprouts—Per pound 0.09-0.10.

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported produce: Lemons—Italian: 120's new crop 5.75-6.00; Cypriot: Trays 4.50-5.50, Boxes 60/180's 4.50-8.00.

★

GRIMSBY FISH—Supply poor, demand fair. Prices at ship's side (unprocessed) per stone: Shelf cod £4.00-£5.00; codlings £3.00-£4.00; large haddock £6.00, medium £6.00; large plaice £4.40, medium £4.20-£4.40, best small £3.80-£4.20; medium skinned dogfish £8.70; large lemon soles £9.30, medium £7.50; rockfish £2.50-£3.00; reds £2.30-£2.70; saithe £2.40-£2.70.

AMERICAN MARKETS

NEW YORK, Jan. 16.

Copper—Jan. 72.00 (72.35), Feb. 72.30 (72.70), March 72.90, May 74.05, July 74.95, Sept. 75.80, Dec. 76.55, Jan. 76.85, March 77.45, May 78.05, July 78.65, Sept. 79.25. [illegible]

CHICAGO, Jan. 16. [illegible]

EUROPEAN MARKETS

ROTTERDAM, Jan. 16.

Wheat—U.S. No. 2 Dark Hard Winter 13.5 per cent Jan.-March $156. U.S. Hard Winter Wheat ordinary Jan. $155. [illegible]

PARIS, Jan. 16. Cocoa (in Fr. per 100 kilos): [illegible]

INDICES

FINANCIAL TIMES			
Jan. 15	Jan. 12	M'nth ago	Year ago
262.24	263.32	258.59	234.80

(Base: July 1, 1952=100)

Dow Jones	Jan. 15	Jan. 12	Month ago	Year ago
Spot	378.31	379.96	398.65	349.36
F'tur's	374.06	376.15	385.51	338.68

(Average 1924-25-26=100)

Moody's	Jan. 15	Jan. 12	M'th ago	Year ago
Spie Comty	996.1	994.9	980.0	895.7

(December 31, 1931=100)

REUTERS			
Jan. 16	Jan. 15	M'nth ago	Year ago
1499.9	1500.5	1500.5	1415.2

(Base: September 18, 1931=100)

Rice export record in Guyana

By Our Own Correspondent

GEORGETOWN — Guyana last year exported 104,761 tons of rice its highest ever volume.

The export figure is 38,000 tons higher than in 1977 although the year's production was 28,000 tons lower at 182,000 tons.

Most of the 1978 exports went to the Caribbean (84,000 tons), with some to the world market (18,965 tons) and the French West Indies (1,641 tons).

The industry has reported that planting for the spring (small) crop is being affected by weather, but some 100,000 acres are to be sown.

Israel cotton output higher

By Our Own Correspondent

TEL AVIV—Israel's 1978 cotton crop, harvesting of which ended this month, rose to 80,000 tonnes from 65,000 in 1977, due both to a 20 per cent increase in area to 150,000 acres and a 4.7 per cent rise in the average yield per acre to 536 kilos of fibre.

About 25,000 tonnes have been bought by local spinning mills, while of the 55,000 tonnes available for export, 45,000 tonnes have been committed so far. Total income from exports is expected to reach $80m.

It is intended to increase the area by a further 10 per cent during the 1979 season.

LONDON STOCK EXCHANGE

Leading equities ignored but continued interest in secondary stocks highlights underlying firm trend

Account Dealing Dates			
Option			
*First Dealings	Declarations	Last Dealings	Account Day
Jan. 2	Jan. 11	Jan. 12	Jan. 23
Jan. 15	Jan. 25	Jan. 26	Feb. 6
Jan. 29	Feb. 8	Feb. 9	Feb. 20

* "New time" dealings may take place from 9.30 am two business days earlier.

Investors were none too keen to follow Monday's good opening to the current trading account, although equity markets yesterday were a trifle harder at the outset in reflection of the UK's favourable trade surplus last month. The continuation of the current high level of consumer spending was also of some help, particularly on early sentiment in the Stores sector.

The start of this week's rail strikes appeared to have little effect on attendance in the House, but it soon became evident that large investors were awaiting the Government's statement on its intentions regarding the transport crisis before entering into new commitments. Consequently, a drifting tendency began to develop in the leaders after the first hour of business.

Secondary issues were not included in the downdrift and it was the continued firmness and activity in them which finally encouraged top-name companies to rally late with the result that a 2 pm loss of 2.5 in the FT Industrial ordinary share index was reduced to 1.3 at the close of 481.5. The seven-to-four majority in favour of rises over falls in all FT-quoted industrials demonstrated the overall firmness of the market.

The December trade returns discouraged further selling of British Funds but, owing to the absence of any worthwhile investment buying, the market was unable to make much of a recovery; the FT Government Securities index rallied only 0.05 from the previous day's 18-month low. Medium and longer-dated issues recorded gains of ⅛, but early improvements of 1/16 among the shorts were eventually replaced by losses of that amount.

Recently-issued Fixed Interests provided a small feature in Hawley Leisure 12 per cent convertible 1986-88 which extended recent firmness to close a further three points up at £123.

From an early high level of 91¼ per cent, the investment currency premium drifted lower in subdued trading to close only ¼ harder on balance at 90¼ per cent. Yesterday's SE conversion factor was 0.6853 (0.6820).

Activity in Traded Options picked up with 508 contracts completed compared with the previous day's 380p. Over a third of yesterday's business was transacted in two stocks, Grand Metropolitan, which recorded 179 deals, and RTZ, 130.

Banks below best

The major clearing banks continued firmly on small buying ahead of the dividend season but failed to hold their best levels of the day. Barclays finished 3 to the goo dat 393p, after 398p, while Lloyds closed a like amount better at 303p, after 306p. National and Commercial edged forward 2 to 88p but Bank of Ireland declined 8 to 415p. Among irregular Merchant banks, Hambros lost 6 to 181p and Guinness Peat put on 3 to 120p.

Among quietly dull Insurances, Willis Faber closed 4 off at 236p; late details of the group's joint U.S. venture with Johnson and Higgins made no impact on sentiment.

Fresh selective buying interest was seen in the Building sector. Renewed demand in an extremely thin market left Brown and Jackson 21 higher at 26p, while SGB Group moved up 5 to 180p in response to the annual figures and sharply increased dividend. Further support lifted Vibroplant 6 to 198p. Gains of 5 and 4 respectively were marked against Y. J. Lovell, 129p, and Burnett and Halamshire, 244p, while French Kier improved 2 to 31p. Timbers were inclined harder, with Magnet and Southerns closing 2 firmer at 145p awaiting today's interim results.

ICI drifted off to 360p before settling at 362p, down 2 on balance. In contrast, PLYSU were suported at 19p, up 6, while satisfactory interim results left Allied Colloids 3 firmer at 80p.

Burton wanted

Burton issues highlighted Stores, the ordinary rising 10 to 198p, the A gaining 9 to 184p and the Warrants 1½ to 46p on further speculative buying. Elsewhere, MFI Furniture jumped 8 more to 198p for a similar reason, while Dixons Photographic put on 4 to 137p ahead of tomorrow's interim results and Lee Cooper added 4 to 194p following fresh support in a thin market. After recent Press-inspired strength, D-I-Y concerns turned reactionary on profit-taking. Home Charm cheapened 7 to 275p and A. G. Stanley 6 to 195p. Arthur Henriques gave up 3 to 32p. Among Shoes, Strong and Fisher hardened 2 to 70p.

Electricals closed with several outstanding movements. Wholesale Fittings were prominent at 242p, up 17, on buying in a limited market ahead of the interim results due early next month. Persistent demand from the country prompted a gain of 13 to 113p in Ward and Goldstone, while continued support left Eurotherm 10 to the good at 232p, after 236p. Pressac firmed 5 to 110p, while Sound Diffusion, up 3 further at 84p, continued to benefit from Press mention. In contrast, leading issues encountered occasional selling, GEC reacting 6 to 325p and EMI 2 to 140p.

Leading Engineers tended a few pence easier in extremely quiet trading, falls of a few pence being marked against John Brown, 372p, Hawker, 230p, and Tubes, 376p. Continued demand in a restricted market left Startrite up 10 more at 162p and Williams and James 4 to the good at 140p. Scattered demand prompted an improvement of 3 to 83p in Chemring, while similar improvements were seen in Davy Corporation, 150p, and Brasway, 54p. Smaller-priced issues to headway included Howard Machinery, 31p, and Habit Precision, 29p, up 2 and 1½ respectively. Spencer Clark held steady at 32p following the preliminary results.

Foods tended firmer and modest gains were seen among the leaders. Associated Dairies put on 6 to 200p, while Tate and Lyle, 187p, rose 2 in front of the preliminary results due next Wednesday. Tesco added a penny to 56p. Increased speculative demand led to a rise of 8 to 138p in Robertson, while Alpine Soft Drinks, 143p up 5, and FMC, 3 better at 78p, also encountered support. Louis C. Edwards, on the other hand, met profit-taking which left them 2 off at 37p. Bishop's Stores also cheapened, losing 8 to 143p. The announcement of the Gulliver Foods/Avon Miles deal lifted Morgan Edwards 3 to 85p.

Neil and Spencer up

Monday's late firmness in the miscellaneous Industrial leaders which followed the better-than-expected December trade returns gave way to easier conditions yesterday awaiting the outcome of the Commons debate on the current labour situation. Glaxo closed 5 lower at 500p, after 498p, while Beecham and Unilever lost 4 apiece to 639p and 534p respectively. Elsewhere, Neil and Spencer put on 5 to 135p in response to the proposed dividend-boosting rights issue and Western Board Mills hardened 2 to 76p following the sharp increase in interim earnings. An easier market last week after the sale by Plessey of its 24.4 per cent holding in the group, ICL picked up 7 to 437p, while A. Kershaw gained ¾ to 13¼ ahead of the annual results due next Wednesday. British Vita put on 5 to 133p, Christie Tyler 4 to 88½p, and Abel Morrall 5 to 55p. By way of contrast, Broken Hill Proprietary at 800p, gave up 25 of the previous day's Press-inspired improvement of 35 and Kelsey Industries fell 7 to 116p on profit-taking. Gestetner A cheapened a penny to 152p; the preliminary results have been postponed until Friday.

The Leisure sector met a better level of business than of late as trading statements attracted interest. Zetters pleased with a near-70 per cent jump in mid-term profits and closed 4½ better at 58½p. Trident TV also reported a sizable upturn in profits and firmed 1½ to 53½p. In contraest, Highgate Optical reacted to the interim dividend omission and sharp downturn in profits by losing 3 to 34p.

Quiet Motors closed steady to firm. ERF, weak recently following the disappointing interim statement, rallied 5 to 119p. Among Components, Lucas eased 2 to 300p, while the withdrawal of speculative demand left Flight Refuelling 7 cheaper at 200.

Among publishing issues Associated Book eased 4 to 291p on profit-taking, while Gordon and Gotch, 3 down at 72p, continued to be adversely affected by the recent poor interim figures. Elsewhere, Daily Mail A ended 7 to the good at 370p.

The previous day's trend was repeated in Properties with most of the interest again centred around secondary issues. Bradford, 293p, and Trafford Park, 134p, improved 6 apiece, while Imry added 4 to 407p, the last-mentioned ahead of next Monday's interim results. Despite the return to profitability in the first half-year, Property Security Investment softened 2 to 125p. Of the leaders, Land Securities hardened a penny to 253p as did MEPC, to 155p. English shaded a fraction to 39½p; late news of the board's rejection of Wereldhave's offer had no apparent impact on sentiment.

Oils quiet

Oils passed a rather quiet and uninteresting session. British Petroleum drifted lower to close 4 cheaper at 914p, but Shell finished without alteration at 568p, after easing to 565p initially. Scattered losses in secondary issues included Lasmo, 2 lower at 132p.

S. and W. Berisford continued to improve in front of tomorrow's annual results, rising 6 for a two-day gain of 9 at 162p.

Buying interest was again evident throughout the Trust sector. Alliance were supported afresh and put on another 3 to 219p, while General Stockholders improved similarly to 115p. Great Northern closed a penny dearer at 100½p following the annual results.

Idle Textiles were featured by David Dixon which rose 7 to 126p, after 127p, on hopes that Birmingham and Midland Counties Trust, which holds a near-23 per cent stake in Dixon, might make a full offer for the company.

In Tobaccos, Bats issues added 4 apiece, the Ordinary to 284p, and the Deferred to 254p.

Sime Darby's announcement that it intends to go ahead with its proposed offer for Guthrie despite the latter's rejection of the deal lifted Guthrie to a new peak of 450p, but fears that the offer of 425p per share would not be increased trimmed the rise to 4 at 443p; Sime Darby rose 3 to 111p.

Golds firmer

A $4.75 rise in the bullion price to $221.375 per ounce in front of the outcome to yesterday's U.S. Treasury gold auction prompted good gains in South African Golds although activity in the market remained at a low level. The Gold Mines index put on 2.3 more to 142.4 while the ex-premium index rose 2.1 to 97.6.

Prices were marked up at the outset, reflecting the overnight trend in the U.S., and thereafter edged higher to close at the day's best.

Among heavyweights, Randfontein were outstanding and finally ½ firmer at £29½ in front of the increased December quarter profits, while gains of ¼ were common to Hartebeest, £11½, and West Driefontein, £21¼.

In the cheaper-priced stocks, rises of between 8 and 12 were seen in Blyvoor, 282p, Kloof, 528p and Libanon, 432p.

South African Financials moved ahead strongly in response to persistent Cape interest. Anglo American Corporation, 325p, General Mining, 365p, and Union Corporation, 297p, all closed around 12 better, while Gold Fields of South Africa added ⅜ at £14.

In London-registered Financials, Rio Tinto-Zinc continued to attract a good deal of interest; after moving up to a 1978-79 high of 264p in early trading, the shares eased on profit-taking to close a penny cheaper on balance at 258p.

The recent burst of strength in Australians ran out of steam owing to profit-taking. Conzinc Riotinto closed 4 lower at 304p, while Western Mining ended a similar amount down at 154p and MIM Holdings 2 off at 235p.

Attempted buying in a restricted market pushed Tins higher across the board. Ayer Hitam and Killinghall both added 10 at 400p and 240p respectively.

Elsewhere, Irish-Canadians came to life following rumours that a drilling report is imminent from the Newfoundland uranium prospect of Westfield Minerals. Westfield jumped 35 to 275p, after 285p, Anglo United 13 to 228p and Northgate 15 to 385p.

NEW HIGHS AND LOWS FOR 1978/9

The following securities quoted by the Share Information Service yesterday attained new Highs and Lows for 1978-79.

NEW HIGHS (80)

CANADIANS (1): Place Gas

BANKS (3): Barclays, National & Comml., Lloyds

BEERS (4): Burtonwood, Marston Thompson, Highland Distilleries, Morland

BUILDINGS (7): Baggeridge Brick, Lovell (Y. J.), Burnett Halamshire, Milbury, Crouch (D.), Norwest Holst, Fed Land Bldg.

CHEMICALS (2): Halstead (J.), Plysu

STORES (7): Beattie (J.) A, MFI Furniture, Dewhirst, Ramar Textiles, Ladies Pride, Waring & Gillow, Lee Cooper

ELECTRICALS (6): Automated Secs., Pressac, Eurotherm, Ward & Goldstone, Highland Elect., Wholesale Fittings, Kode Intl.

ENGINEERING (4): Megaitt, Startrite, Saville Gordon, Williams & James

FOODS (3): Carr's Milling, Unigate, Morgan Edwards

HOTELS (2): City Hotels, De Vere Hotels

INDUSTRIALS (14): Assoc. Sprayers, Kershaw (A.), Black (P.), Magnolia, Brammer (H.), N.C.R. 4pc '93-98, British Vita, Neill & Spencer, Christie-Tyler, P.M.A., Eleco, Utd. Guarantee, Hawtin, Uniflex

LEISURE (2): Hawley Leisure, Man. Agency Music

MOTORS (3): Brit. Car Auction, Nelson (David), Cowie (T.)

PAPER (1): Causton (Sir J.)

PROPERTY (8): Allied London, Land Secs. [illegible] Conv. 1985, Bradford Prop., Churchbury Estates, Do. [illegible] Conv. '85, Imry Prop., Peachey, Marlborough, Town Centre

SHIPPING (2): Jacobs (J. I.), Milford Docks, Lond. O'seas Frghtrs.

TEXTILES (2): Dixon (D.), [illegible]

TRUSTS (3): Bridgewater, [illegible]

RUBBERS (1): Guthrie Corp.

MINES (3): Mount Lyell, Killinghall, Pacific Copper

NEW LOWS (4)

BANKS (1): Hill Samuel Wts.

BUILDINGS (1): Phoenix Timber

INDUSTRIALS (1): Glaxo

MINES (1): Falcon

FINANCIAL TIMES STOCK INDICES

	Jan. 16	Jan. 15	Jan. 12	Jan. 11	Jan. 10	Jan. 9	A year ago
Government Secs.	67.92	67.87	68.09	68.00	68.17	68.49	76.74
Fixed Interest	70.09	70.07	70.33	70.31	70.45	70.40	80.58
Industrial	481.5	482.8	474.7	477.6	478.6	482.2	470.8
Gold Mines	142.4	140.1	136.7	137.9	138.2	139.3	145.9
Gold Mines(Ex-$ pm)	97.6	95.5	95.2	95.5	96.0	96.1	113.4
Ord. Div. Yield	6.02	5.99	6.08	6.06	6.04	6.00	5.71
Earnings, Yld % (full)	15.80	15.78	15.96	15.90	15.86	15.75	17.27
P/E Ratio (net) (*)	8.22	8.25	8.14	8.17	8.19	8.25	8.16
Dealings marked	4,600	4,718	4,412	4,151	4,390	5,376	6,194
Equity turnover £m	—	60.38	73.17	157.30	54.27	68.02	68.61
Equity bargains total	—	13,648	13,338	18,831	11,942	13,346	13,325

10 am 483.1. 11 am 482.1. Noon 482.3. 1 pm 480.4. 2 pm 480.3. 3 pm 480.6.
Latest Index 01-246 8026.
*Nil=7.88.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex $ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978/9 High	1978/9 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	78.58 (5/1/78)	67.87 (15/1/79)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1/78)	69.50 (13/11/78)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9/78)	433.4 (2/3/78)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.8 (14/8/78)	124.1 (29/11/78)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	152.3 (14/8/78)	90.3 (12/4/78)	337.1 (3/4/74)	54.3 (26/6/76)

S.E. ACTIVITY

	Jan. 16	Jan. 15
—Daily		
Gilt Edged	174.2	183.0
Industrials	152.2	154.7
Speculative	37.6	43.2
Totals	104.7	107.4
5-d'y Av'rge		
Gilt Edged	155.4	156.8
Industrials	150.9	157.0
Speculative	34.9	35.5
Totals	101.3	103.8

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978-79 high	1978-79 low
ICI	£1	9	362	−2	421	328
RTZ	25p	9	258	−1	264	164
Barclays Bank	£1	8	393	+3	398	296
GEC	25p	8	325	−6	349	233
Shell Transport	25p	8	568	—	602	484
Beecham	25p	7	639	−4	726	581
BP	£1	7	914	−4	954	720
Distillers	50p	7	210	+2	215	163
Marks & Spencer	25p	7	86	—	94	67
P. & O. Defd.	£1	7	87	—	118	76
British Vita	25p	6	133	+5	133	62
Glaxo	50p	6	500	−5	645	496
Grand Met.	50p	6	116	−1	121	87
Lloyds Bank	£1	6	303	+3	306	242
Tesco Stores	5p	6	56	+1	57	38

OPTIONS

DEALING DATES			
First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Jan. 9	Jan. 22	Apr. 5	Apr. 18
Jan. 23	Feb. 5	Apr. 19	May 1
Feb. 6	Feb. 19	May 3	May 15

For rate indications see end of Share Information Service

Stocks favoured for the call included ICI, Courtaulds, Spillers, NatWest Warrants, [illegible], Skull, Reardon Smith A, Inveresk, Eagle Star, Poseidon, Sound Diffusion, Marley, Inter-european, Burmah, Fundinvest Capital, Manor National, Davies and Metcalfe A, UDT, United City Merchants, Dufay Bitumastic and British Vita. A put was recorded in Sound Diffusion, while doubles were arranged in Reed International, Sound Diffusion, Bridgend and Britannia Arrow.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns. Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	473	172	[illegible]
Financial and Prop.	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantation	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Recent Issues	[illegible]	[illegible]	[illegible]
Totals	[illegible]	[illegible]	[illegible]

APPOINTMENTS

Du Pont (UK) senior change

Dr. James L. Foght has become managing director of DU PONT (UK) in place of Mr. William B. Hirons, who is returning to the parent company in the U.S. Dr. Foght joined Du Pont in 1963 as a research chemist in textile fibres and was most recently a marketing manager with the textile fibres department in New York.

*

Mr. David D. Nash, technical director of Durapipe Limited, has been elected an executive director of the main Board of DURAPIPE INTERNATIONAL. Mr. Robert W. Fordham, chairman and managing director of Delta Rod Holdings, and Mr. Eric C. Sayers, chairman of Duport, join the main Board of Durapipe International as non-executive directors. Mr. Sayer's appointment will be from April 1.

*

Mr. J. S. Kemble has been appointed group secretary to PEACHEY PROPERTY CORPORATION. He was formerly group secretary to Anglo-Continental Investment and Finance Company.

*

Mr. James McBurney has been appointed a director of JOHN MOWLEM AND CO. Mr. McBurney is the founder and chairman of McTay Engineering Company.

*

Mr. L. J. Middleditch has been appointed as deputy managing director of R. AND A. G. CROSSLAND with responsibility for the pressings and plastics division. Mr. D. H. Jinks has become deputy managing director in charge of the lighting division. The company is a member of the Benjamin Priest Group.

*

Mr. Maurice Hodgson, chairman of Imperial Chemical Industries, has been elected to the International Council of the SALK INSTITUTE OF BIOLOGICAL STUDIES in San Diego, California, U.S. The International Council is composed of distinguished leaders whose interest is to advance the goals and objectives of the institute and to help create a positive awareness of the Salk Institute. The Council provides a link between the work at the Institute and the national and international community. Members of the Council act in an advisory capacity to give the Institute the benefit of their wide experience.

*

Matheson and Co., holding company for the Jardine Matheson UK interests, has reorganised its freight forwarding and travel activities under a new co-ordinating management company MATHESON FREIGHT SERVICES. The board of the new company is: Chairman, Mr. D. P. F. Maxwell; deputy chairman, Mr. A. G. McLagan; deputy chairman, Mr. C. J. Woodhatch; managing director, Mr. B. Griffin; directors, Mr. D. J. Green, Mr. R. P. Howison and Mr. L. A. M. F. Blair. The three operating subsidiaries are Turnbull Gibson and Co., surface freight forwarding company, ASA, air freight company and Turnbull Gibson Travel, travel company.

Dr. J. L. Foght

*

Mr. Colin Young has been appointed a member of the NATIONAL FILM FINANCE CORPORATION replacing Mr. Mamoun Hassan, who is now managing director of the Corporation.

*

Mr. R. G. Gremald has been elected senior vice-president of AMAX COPPER INC. In addition to his presidency of Ametalco Inc. he will assume responsibilities at Amax Copper Inc. for trading transactions and overseas representation. Mr. R. S. Decesare, who will continue to hold the position of vice-president at Ametalco Inc., was elected a vice-president of Amax Copper Inc. Mr. C. D. Alm was elected an assistant vice-president at Amax Copper Inc., and will continue to hold the additional position of assistant vice-president at Ametalco Inc. Amax Copper Inc. and Ametalco Inc. are wholly owned subsidiaries of Amax Inc., Greenwich, Connecticut, U.S.

*

Captain Frank H. Boldt and Mr. Frederick Twiss have been appointed directors of C. F. AHRENKIEL (UK). Mr. Twiss will be responsible for shipbroking and chartering operations which have now commenced at 14 Berkeley Street, W1. Captain Boldt continues in charge of the marine division.

*

Mr. C. S. S. Lyon has been appointed to the OCCUPATIONAL PENSIONS BOARD. Mr. Lyon, who is chief actuary of the Legal and General Assurance Society, succeeds Mr. D. E. Fellows.

*

Mr. R. S. Pillai and Mr. P. W. L. Saywell have been appointed directors of HOSKINS AND HORTON. Mr. Pillai is marketing director of Hoskins Limited and Mr. Saywell is managing director of Trewhella Bros. (UK).

*

Mr. A. W. Lines, a director of MAGNOLIA GROUP (MOULDINGS) has retired.

*

PA—PQ International, a subsidiary of the PQ Corporation, has appointed Mr. Norman F. Hackett as deputy managing director of CAPTAIN-PQ CHEMICAL INDUSTRIES and FARBOKEM-PQ CHEMICAL INDUSTRIES of Pakistan. Prior to joining PQ, Mr. Hackett was an executive in the international group of Wellcome Foundation.

*

Mr. David Yoneos has been appointed director of personnel for HONEYWELL INFORMATION SYSTEMS succeeding Mr. Bill Young, who is leaving to set up his own personnel consultancy.

CONTRACTS

£12m order for BL Cars

£12M ORDER FOR BL CARS Kennings Motor Group, self-drive and fleet vehicle hire operator, has placed a £12m order with BL Cars' Austin Morris and Jaguar Rover Triumph corporate fleet sales department.

Covering a range of cars from Minis to Jaguars, as well as Austin Morris Sherpa and car derived vans, the order continues Kennings' BL buying policy.

*

SONY BROADCAST, Basingstoke, has been awarded a contract for television broadcasting equipment worth £1.12m by the Italian State Broadcasting Service RAI (Radiotelevisione Italiana). The contract covers 15 portable and 118 editing recorders together with ancillary equipment. Sony Broadcast will also be providing technical training for RAI personnel, as part of the contract.

*

ELLIOTT GROUP, Peterborough, has won contracts worth £200,000 in Scotland, for renovation work at Daltry Baths, Edinburgh and classroom units and siteworks for Lothian Regional Council. In Kent, the company has a £90,000 contract for the CSCA Clubhouse at Gillingham.

*

A four-camera production vehicle valued at over £800,000 has been ordered from PYE TVT to be based at the studio centre at Aarhus, Denmark's second city. Three separate control rooms are provided—a video production room equipped with a vision mixer, an overlooking audio control room, and a vision engineering room with base stations for four triax production cameras.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	January Closing offer	January Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	750	167	5	—	—	—	—	915p
BP	900	17	11	58	—	79	—	"
BP	950	5¼	6	28	—	48	1	"
Com Union	140	8	6	13	—	18	—	147p
Cons Gold	160	22	5	29	—	32	25	181p
Cons Gold	180	2½	7	13	—	18	3	"
Cons Gold	200	⅛	—	5½	—	9	7	"
Courtaulds	100	17½	5	—	—	—	—	117p
Courtaulds	110	8	1	13	—	16½	—	"
Courtaulds	120	2	20	6½	3	9	5	"
Courtaulds	150	⅛	—	3	—	5½	5	"
GEC	330	3½	5	18	1	30	1	325p
GEC	360	¼	—	7	4	19	—	"
Grand Met.	100	16	—	19	65	22	60	115p
Grand Met.	110	6	22	10	15	14	—	"
Grand Met.	120	1	—	5½	—	8½	17	"
ICI	330	32	5	39	5	—	—	361p
ICI	360	6	4	18	5	31	—	"
Land Secs	240	13	1	25	—	28	—	252p
Land Secs	260	¼	—	11	15	17	—	"
Marks & Sp	80	6	—	11	—	14	5	86p
Marks & Sp	90	½	8	5	—	8	5	"
Shell	600	¼	—	9	—	21	1	567p
Totals					113		135	
		February		May		August		
BOC	60	9½	—	11	—	12	3	69p
Boots	200	5	20	13	—	18	—	195p
EMI	160	1	—	5½	2	9	—	141p
RTZ	240	23	16	30	—	49	64	258p
RTZ	260	9	10	18	6	37	30	"
RTZ	280	3	—	9	4	26	—	"
Totals			46		12		97	

RECENT ISSUES

EQUITIES

Issue Price p†	Amount Paid Up	Latest Renunc. Date	1978/79 High	1978/79 Low	Stock	Closing Price p.	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
A$0.50	F.P.	—	82	61	Ashton Mining 50c	79	−3	—	—	—	—
A$125	F.P.	—	106	97	††Aust. Farming A$1	102	—	—	—	—	—
—	F.P.	—	30	28	Gosforth Ind. 10p	28xd	—	2.0	—	10.1	—
155	F.P.	10/1	187	170	Harris Queensw'y20p	187	+3	7.8	3.1	6.2	7.8
••	F.P.	—	132	126	Hunting Assoc. Defd.	126	−3	—	—	—	—
29	F.P.	5/1	33	29	Kitchen Queen 10p	32	+2½	1.34	3.4	6.2	6.3
••	F.P.	9/2	34	31	M. Y. Dart Defd	31	−1	—	—	—	—
110	F.P.	17/1	136	115	Mill'ttsL's'reShps20p	136	+4	5.7	1.8	6.2	13.1

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1978/79 High	1978/79 Low	Stock	Closing Price	+ or −
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Assoc. Dairies [illegible] Pref.	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Colne Valley Water [illegible] Red Prf. 1983	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible] Cnv. Cum. Red. Prf.	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Hawley-Leisure 12% Cnv. Uns. Ln. '86-88	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Gosforth Ind. [illegible] Acc. Pref.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Mid Kent Water [illegible] Red. Prf. 1984	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Rivington Reed [illegible] Cnv. Cum. Red. Prf.	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Seascope [illegible] Prf.	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p.	Amount Paid Up	Latest Renunc. Date	1978/9 High	1978/9 Low	Stock	Closing Price p.	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Associated Biscuit	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Boulton (Wm.)	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Foster (John)	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Lep Group	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Metal Box	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Milbury	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Poseidon	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Suter Electrical Defd.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	York Fine Woollen	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. [illegible] Assumed dividend and yield. [illegible] Forecast dividend; cover based on previous year's earnings. [illegible] Dividend and yield based on prospectus or other official estimates for 1979. [illegible] Figures assumed. [illegible] Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. [illegible] Placing price to public. [illegible] Pence unless otherwise indicated. [illegible] Issued by tender. [illegible] Offered to holders of ordinary shares as a "rights." [illegible] Issued by way of capitalisation. [illegible] Reintroduced. [illegible] Issued in connection with reorganisation, merger or take-over. [illegible] Introduction. [illegible] Issued to former preference holders. [illegible] Allotment letters (or fully-paid). [illegible] Provisional or partly-paid allotment letters. [illegible] With warrants. †† Unlisted security.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Tues., Jan. 16, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Mon. Jan. 15 Index No.	Fri. Jan. 12 Index No.	Thurs. Jan. 11 Index No.	Wed. Jan. 10 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	Building Materials (28)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (28)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Engineering Contractors (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (72)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	CONSUMER GOODS (DURABLE) (53)										
11	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12	Lt. Electronics, Radio, TV (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13	Household Goods (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14	Motors and Distributors (25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	CONSUMER GOODS (NON-DURABLE) (170)										
21	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Breweries (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
23	Wines and Spirits (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24	Entertainment, Catering (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Newspapers, Publishing (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33	Packaging and Paper (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (40)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36	Tobaccos (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37	Toys and Games (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	OTHER GROUPS (99)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43	Pharmaceutical Products (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44	Office Equipment (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	Miscellaneous (57)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (494)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (115)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase (5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (43)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (111)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (750)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Tues. Jan. 16	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	102.84	[illegible]	—	[illegible]
2	5-15 years	109.74	[illegible]	—	[illegible]
3	Over 15 years	113.86	[illegible]	—	[illegible]
4	Irredeemables	121.28	[illegible]	—	[illegible]
5	All stocks	108.42	[illegible]	—	[illegible]

FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.

			Tues. Jan. 16	Mon. Jan. 15	Fri. Jan. 12	Year ago (approx.)
1	Low Coupons	5 years	[illegible]	[illegible]	[illegible]	[illegible]
2		15 years	[illegible]	[illegible]	[illegible]	[illegible]
3		25 years	[illegible]	[illegible]	[illegible]	[illegible]
4	Medium Coupons	5 years	[illegible]	[illegible]	[illegible]	[illegible]
5		15 years	[illegible]	[illegible]	[illegible]	[illegible]
6		25 years	[illegible]	[illegible]	[illegible]	[illegible]
7	High Coupons	5 years	[illegible]	[illegible]	[illegible]	[illegible]
8		15 years	[illegible]	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]	[illegible]	[illegible]

		Tues., Jan. 16 Index No.	Yield %	Mon. Jan. 15	Fri. Jan. 12	Thurs. Jan. 11	Wed. Jan. 10	Tues. Jan. 9	Mon. Jan. 8	Fri. Jan. 5	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	54.72	13.55	54.73	54.73	54.76	54.79	[illegible]	[illegible]	[illegible]	[illegible]
16	Investment Trust Prefs. (15)	51.33	12.97	51.33	51.33	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17	Coml. and Indl. Prefs. (20)	72.45	12.92	72.45	72.41	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

‡ Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

INSURANCE AND PROPERTY BONDS

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	23.5	25.3	.....	2.09
Accum. Units	27.9	30.0	.....	2.09
J. Finlay Income	36.4	39.1	.....	8.57
J. Finlay Euro.Fin.	27.0	29.0	.....	3.37
Accum. Units	32.0	34.4	.....	3.36
J. Finlay Fd. In. Tst.	28.0	30.1	.....	4.26
Accum. Units	32.6	35.1	.....	4.26

Prices on Jan. 10. Next dealing Jan. 17.

CORAL INDEX: Close 478-483

INSURANCE BASE RATES

†Property Growth	12%
†Vanbrugh Guaranteed	11.25%

†Address shown under Insurance and Property Bond Table.

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	HK$291.89	.....	2.60
Jardine J'pn. Fd.*	HK$414.73	.....	0.80
Jardine S.E.A.	$US16.66	.....	2.10
Jardine Flem. Int.	HK$11.92	.....	—
Intl. Pac. Secs. (Inc.)	HK$13.36	.....	—
Do. (Accum.)	HK$13.54	.....	—

NAV Dec. 29. *Equivalent $US86.44. Next sub. day January 15.

CMF Ltd. Dec. 28	$US14.25	14.61	.....	—
CMT Ltd. Dec. 28	£14.25	14.62	.....	—
Metals Tst. Dec. 21	£13.17	13.49	.....	0.67
TMT Jan. 11	US$10.66	10.94	.....	—
T.M.T. Ltd. Dec. 14	£10.57	10.84	.....	—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$US15.23	.....	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1978-79 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
105⅛	99 13/16	Treasury 11½pc '79‡‡	99 13/16	......	11.51	11.87
97	94¾	Treasury 3pc '79‡‡	95	......	3.15	10.62
97⅞	95⅛	Electric 4¼pc '74-79	95	......	4.44	10.64
[illegible]						

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

1978-79 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
24	17	Antofagasta Rly...	22	...	—	—
41	33	Do. 5pc Pref......	40	......	—	—
98	98	Chilean Mixed.....	98	...	—	f3.10
22	6	Chinese 4½pc 1898	19	...	—	—
35	4½	Do. 5pc 1912	35	....	—	—
20½	4½	Do. 5pc 1925 Boxer	18	.....	—	—
415	350	German Yng. 4½pc.	415	.....	4½	—

BONDS & RAILS—Cont.

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 45⅝% (based on US$2.0010 per £)
Conversion factor 0.6853 (0.6820)

CANADIANS

[illegible]

S.E. List Premium 45⅝% (based on $2.3844 per £)

BANKS AND HIRE PURCHASE

1978-79 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's	P/E
[illegible]								
14½	9½	Fraser Ans. 10p	14¼	-¼	—	—	—	—
199	157	Gerrard Natal...	190	......	g9.12	—	7.2	—
59	37	Gibbs (A.)......	47	.....	2.23	—	7.1	—
255	195	Gillett Bros. £1.	220	.....	15.41	—	10.5	—
29	19	Goode D'T Mry.5p	19½	.....	0.13	—	1.0	—
142	96	Grindlays........	131	.....	2.79	7.1	3.2	4.7
130	93	Guinness Peat ..	120	+3	h5.15	—	6.4	—
217	155	Hambros	181	-6	†9.76	—	8.0	—
100	81	Hill Samuel......	84	.....	†4.97	—	8.8	—
600	85	Do. Warrants..	85	-15	—	—	—	—
360	203	Hong Shng.$2.50	293	+3	h059c	—	2.4	—
69	52	Jessel Toynbee.	64	.....	g3.65	—	8.5	—
215	150	Joseph (Leo) £1..	150	.....	8.74	—	8.7	—

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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TINS

COPPER

104	54	Messina R0.50	84	......	—	—	—

MISCELLANEOUS

68	35	Barymin	64	+1	—	—	—
17	9	Burma Mines 17½p	12	−1	—	—	—
300	165	Cons. Murch. 10c.	210	......	‡030c	2.6	‡
465	245	Northgate C$1	385	+15	—	—	—
264	164	R.T.Z.	258	−1	9.5	2.8	5.5
90	30	Sabina Inds. C$1	44	......	—	—	—
£12	687	Tara Expln. $1	857	+7	—	—	—
205	120	Yukon Cons. C$1	205	......	Q7c	2.9	1.6

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

$15¼	$10¼	Buffels R1	$10⅞	+⅛	Q170c	1.8	18.0
$11¼	830c	East Drie R1	900c	+10	†Q78c	1.7	10.0
585c	330c	East Rand Prp. R1	350c	......	—	—	—
$28⅜	$16½	F.S. Geduld 50c	$18½	+⅛	Q315c	φ	19.6
$15⅜	975c	Pres. Brand 50c	$11⅝	......	Q150c	φ	15.2
$13⅜	900c	St. Helena R1	$10¼	+⅛	Q190c	φ	20.4
470c	313c	Stilfontein 50c	412c	+5	†Q22c	2.3	6.2
$19¾	$16¼	Vaal Reefs 50c	$18⅝	+⅛	Q115c	3.3	7.1
$37	$25	West Drie R1	$29	+¼	Q385c	1.7	15.3
$31¼	$19	West Hldgs. 50c	$22⅝	+⅛	Q415c	φ	21.2
$12½	895c	Western Deep R2	$11¼	+⅜	Q82.5c	2.4	8.5

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 35 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend; cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1973. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xz ex capital distribution.

" Recent Issues " and " Rights " Page 28

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	......	Sheffield Brick	52	......
Ash Spinning	£1	+4	Sheff. Refrshmt	70	......
Bertam	14	+1	Sindall (Wm.)	120	......
Bdg'wtr. Est. 50p	330	+5			
Clover Croft	28	......	IRISH		
Craig & Rose £1	615	......			
Dyson (R. A.) A	35	......	Conv. 9% '80/82	£90⅛	+⅛
Ellis & McHdy	69	......	Alliance Gas	105	+5
Evered	25	+1	Arnott	380	......
Fife Forge	52	......	Carroll (P.J.)	93	......
Finlay Pkg. 5p	21	......	Clondalkin	98	+3
Graig Ship. £1	140	......	Concrete Prods.	138xd	......
Higsons Brew	70	......	Heiton (Hldgs.)	48	......
Holt (Jos) 25p	252	......	Ins. Corp.	165	......
I.O.M. Stm. £1	225	......	Irish Ropes	102	......
N'thn. Goldsmith	80	......	Jacob	54	......
Pearce (C. H.)	198	......	T.M.G.	175	......

OPTIONS

3-month Call Rates

FINANCIAL TIMES
Wednesday January 17 1979

JOY IN IRAN AS MONARCH LEAVES FOR 'HOLIDAY'

Shah flies to Egypt

BY ANDREW WHITLEY AND ANTHONY McDERMOTT IN TEHRAN

THE SHAH left Iran yesterday on what he described as a holiday, shortly after the Government of Dr. Shahpour Bakhtiar received a vote of confidence in Parliament. He flew to Aswan in Egypt, where he was greeted by President Anwar Sadat.

Iranians first heard officially that the Shah had at last left the country on Tehran Radio in its main lunchtime news at 2 p.m.

The report was greeted with uninhibited joy. Drivers hooted their horns and people in central Tehran danced in the streets. From across the country came similar stories of streets blocked by cars and lorries crowded with jubilant people. Photographs of the Shah's chief opponent, Ayatollah Khomeini, were everywhere.

The Shah travelled by helicopter from his palace in north Tehran to Mehrabad airport, avoiding journalists, who were told that a scheduled press conference had been cancelled. He left the royal pavilion at the airport with Empress Farah, in one of the royal aircraft.

His youngest children, Leila and Ali Reza, left for the U.S. on Monday. The Shah was seen off at the airport by Dr. Bakhtiar; Mr. Ali Uoli Ardalan, the Court Minister; and Mr. Javad Saeed, the speaker of the Majlis, the lower house of Parliament.

After a debate lasting little more than two hours yesterday morning, the Majlis approved Dr. Bakhtiar's Government by 149 to 43, with 13 abstentions. The Senate, the upper house, gave its approval on Monday.

The surprisingly high number of votes against Dr. Bakhtiar indicated the way in which this Parliament—entirely elected on the ticket of the Shah's Rastakhis party in 1975—was swinging with the tide towards the Ayatollah Khomeini.

Until the Shah's departure, Dr. Bakhtiar's Government was considered tainted because of being appointed by the monarch.

Reaction from Western and Eastern diplomats to the historic departure have been extremely cautious.

The first is whether the Ayatollah Khomeini will return after 15 years of exile and expose the country to the risk of intervention by the armed forces. The second is the survival of Dr. Bakhtiar's Government. It remains possible that, having engineered what the populace so clearly wants, he will emerge with credit.

Dr. Bakhtiar, in a speech broadcast nationally on radio and television last night, appealed for reconciliation and calm. He said that the Government would punish those who violated the rights of others and gave a warning against violence. Religious leaders also issued warnings against violence.

Roger Matthews reports from Cairo: The Shah was greeted at Aswan airport by President Sadat. Officials said that he might stay in Egypt for three days' relaxation before travelling to the U.S.

Mr. Sadat's decision to welcome the Shah raised some eyebrows here but emphasises the close relationship between the leaders.

A soldier kisses the feet of the Shah as he prepares to leave. The Shah's aides look grim, but Empress Farah smiles.

● After the Shah Page 3 ● Iran without the Shah Page 18 ● Banks rally round in Iran Page 23

Rodgers puts formula for rail talks to resume

BY PHILIP BASSETT, LABOUR STAFF

BRITISH RAIL services were halted yesterday by the national strike by members of the Associated Society of Locomotive Engineers and Firemen. A second strike has been called for tomorrow.

Mr. William Rodgers, Transport Secretary, last night called in Sir Peter Parker, chairman of British Rail, and the general secretaries of all three rail unions, to put a formula to them which he hoped would allow talks on the drivers' claim for special responsibility payments to be resumed.

Mr. Rodgers told the Commons that the strike was "wholly unjustified, unfair to other railwaymen, damaging to the long-term prospects of the railways and inexcusable in the inconvenience it caused to the travelling public."

He said "significant progress" had been made in discussions between the British Railways Board and the unions. The Board has met the unions' claim for increases of 10 per cent, or about £6 a week, but ASLEF has rejected the offer because of what it regards as punitive conditions of manning cuts and changes in work pattern.

The ASLEF strike was criticised by the leaders of the two other rail unions, the National Union of Railwaymen and the Transport Salaried Staffs Association.

British Rail's normal 16,000 trains a day began to be halted from 10 p.m. Monday. Some early services are expected to be affected today because early afternoon staff trains may not run. Disruption of rolling stock could be less than was feared because of the progressive shutdown on Tuesday night.

A few local trains ran in the North-East yesterday staffed by drivers who are members of the NUR, representing about 3 per cent of footplate staff.

Commuters into big towns were badly affected by the strike. The London Chamber of Commerce estimated that about 120,000 of the 3.8m who normally travel into the capital by train failed to get to work.

All three rail unions present next week claims for "substantial" annual increases. The NUR has worked out that meeting its claim alone in full would cost the Board £100m.

Average earnings for drivers are £97.67, with £89.03 for guards, £107.92 for signalmen, £86.25 for other railmen.

Under a national productivity deal signed in January for the 12 months from last April, the grades will also receive an extra £2.28, £2.03, £3.14 and £1.74 a week respectively.

● Air passengers risk disruption at Heathrow both this week and next if two separate sets of negotiations fail.

About 1,800 British Airports Authority staff, including security officers, baggage search staff, aircraft-marshallers and porters, threaten a 24-hour strike on Saturday unless talks on Friday resolve a dispute over shift pay.

In a separate issue 450 British Airways domestic and European check-in and clerical staff voted yesterday for a 24-hour strike on Tuesday in a dispute about their annual pay negotiations. Further talks will take place with management before the dispute is due to begin.

EEC Farm Council meeting cancelled

BY MARGARET VAN HATTEM IN BRUSSELS

LACK OF PROGRESS in the EEC dispute over farm financing arrangements has led France, as president of the Council of Ministers, to cancel next week's Farm Council.

The Ministers are expected to hold informal discussions on the issue on January 25-27 during the Green Week, an agriculture and food fair held in Berlin each year.

However, they are not expected to meet formally in Brussels before February 5-6, the provisional date for the next Council meeting.

Meanwhile, the EEC Commission has cancelled plans for a special meeting this Friday, at which it was to have finalised its farm price proposals for 1979-80 in time for presentation to the Ministers the following Monday.

The Commission will leave the question of prices to its regular meeting on Wednesday next week and Mr. Finn Olav Gundelach, the EEC agriculture Commissioner, is expected to make a statement on prices to the Ministers in Berlin. No discussion at formal ministerial council level is scheduled in the meantime.

The dispute, which is holding up introduction of the European Monetary System and threatens to undermine Commission plans for a farm price freeze, is no longer concentrated on Franco-German differences.

In essence, France is insisting that Monetary Compensatory Amounts—payments on intro-Community farm exports which subsidise German exports and tax France ones—should not grow beyond their present levels on a permanent basis. France appears prepared to accept the main German condition for approving this, namely that it should not lead to cuts in German farmers' incomes.

This implies a rise in EEC farm support prices should the D-mark appreciate after the introduction of the EMS.

The EEC Commission remains committed to a price freeze and is supported by Britain. One possible solution to this impasse now being informally discussed in Brussels would be the introduction of national income subsidies to German farmers which would be paid by the German Government.

EEC Commission officials suggest that if these were introduced as social, rather than agricultural payments they might be compatible with the Treaty of Rome.

Prior urges labour law review

BY CHRISTIAN TYLER, LABOUR EDITOR

BRITAIN'S PRESENT industrial troubles should be the starting point for a non-party political review of trade union procedures and labour law, Mr. James Prior, shadow Employment Secretary, said yesterday.

Although he did not spell it out, the Conservatives are actively considering whether to try to amend the law which gives trade unions immunity from damages. They want to make unions liable for inducing breaches of contract by workers not directly involved in disputes.

This curb on the action of pickets and on sympathetic strikes was inserted into the 1974 Trade Union and Labour Relations Act by the Opposition, but it was effectively repealed by Labour in 1976 at the same time as other amendments were made.

Mr. Prior said the imbalance of power between labour and management had swung in the unions' favour since the Conservatives' Industrial Relations Act of 1971 and the defeat of that Government in 1974. Britain was in much the same position now as then, Mr. Prior said.

He told the London Chamber of Commerce and Industry: "We have to consider the introduction of reforms so that people's right to work is once again the overriding consideration and the right to strike and to picket do not continue to provide a licence for industrial disruption."

In what was a dress rehearsal for his speech at the end of last night's Commons debate, Mr. Prior was careful to stress that the Conservatives were not planning the kind of comprehensive reform tried in 1971 and previously by Labour in 1968.

He singled out four reforms that were needed. First, unions should be encouraged to introduce secret balloting for election of officials by the provision of State funds for conducting ballots.

Some union leaders were in favour of extending that to other kinds of decision, he claimed. The arguments deployed against secret ballots had been deployed before—by opponents of universal suffrage, he said.

Some action should be taken against the spread of picketing, which had extended legal immunity from causing breaches of contract. "Although I recognise that some people will not obey the law, that is no excuse for not taking action," he said.

He repeated the Tories' pledge to extend protection for workers who had conscience objection to being members of unions in closed shops.

On strike benefit, he said the two choices were to try to put more of the cost of strikes on to union funds, or to substitute loans for supplementary benefit payments.

Mr. Prior went on: "In recent weeks we have seen strikes used as a weapon of first resort, on occasion in breach of existing agreements. In other cases industrial action has been directed at the public with the deliberate intention of making life miserable.

"All too often, these actions have been launched as a result of decisions which bear little resemblance to democratic procedures."

Continued from Page 1

Companies exempt

Unionists is not certain, the Government will have to rely on the other Nationalist parties if the Bill is to stand a chance of getting on the statute book.

It may be, however, that it would be prepared to countenance a defeat on the grounds that it would hardly help the other parties in an election to have been seen to oppose a strengthening of price controls.

David Churchill writes: The Confederation of British Industry last night described the proposed changes as "an ill-judged political response to the country's problems."

Sir John Methven, CBI director-general, called on Parliament to reject "the attempt by this Government to tighten the thumbscrew of price controls yet again."

He claimed that the safeguard provisions in the price control legislation had meant an extra £80m in revenue for companies over the past 16 months, income which he said had been used for new investment and jobs.

Sir John added that the proposals were a slap in the face for companies which had resisted strike action in support of large wage demands and would further sap the confidence of industry.

"The Government could have hoped that confidence by determined action against those militant trade unionists who are causing our troubles," he said.

The CBI fears that the proposed changes could lead to an increasing number of businesses being forced out of business and Sir John also warned that future export markets were being "sacrificed if secondary picketing—legalised by this Government—continues."

Continued from Page 1

Callaghan

"It leaves the question whether the amount that is now being offered will be enough to head off industrial action in the public services.

"There will now have to be immediate discussions between the unions concerned and the employers."

He said the formula, which apparently came as a complete surprise to the TUC, still left public-service unions far short of their claim, which is for a 40 per cent increase to raise the minimum basic rate from £42.40 for 40 hours to £60 for 35 hours.

Mr. Callaghan's announcement follows meetings between Ministers and public service union negotiators on Friday, and again yesterday morning. A day of action, possibly followed by selective industrial action in vital services, has been called for Monday.

Cautious optimism over British shipping

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

BRITISH SHIPPING is now probably through the worst of the industry's worldwide slump, but 1979 will still be a tough year for many companies, Mr. Ronnie Swayne, President of the General Council of British Shipping, said yesterday.

Mr. Swayne, who is also chairman of Overseas Containers, said that he did not foresee a repetition in 1979 of the serious depletion which took place in the British merchant navy last year.

The severity of conditions last year had made shipping companies very cautious about future prospects, he said, but the indications were that the industry would now start to pick up in line with the growth of world trade.

But the recovery would be jeopardised if Britain continued to be gripped by industrial relations troubles or if governments failed to reduce the capacity of their shipbuilding industries in line with reduced demand.

Mr. Swayne said: "At the moment, we feel we can see our way through the crisis. If it is prolonged survival might not be possible for many companies."

There was unlikely to be much improvement this year in the financial climate for operators of tankers and bulk carriers.

The markets for these ships were, however, starting to move towards equilibrium of supply and demand and this should be achieved by 1980-81 for dry bulk ships and 1983 for the bigger tankers.

Weather

UK TODAY

RATHER COLD. Wintry showers in many parts.

London, E. Anglia, E., N.E., S.E., Cent. S. England, Midlands, Channel Isles

Sunny spells, wintry showers. Max. 2-4C (36-39F).

S.W. England, Wales

Sunny periods, scattered snow showers, especially on N. facing coasts and hills. Max. 4-6C (39-43F).

N.W. England, Isle of Man, Argyll, Cent. Scotland, N. Ireland

Sunny periods, scattered snow showers. Max. 3-5C (37-41F).

S., E. Scotland, Highlands, Scottish Islands

Sunny spells, snow showers. Max. 2-4C (36-39F).

Outlook: Very cold. Sleet or snow, chiefly in S.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amsdm.	C	—4	25	Madrid	C	8	46
Bahrain	S	17	63	Mnchstr	C	5	41
Barclna.	C	—2	29	Melbne.	S	30	86
Beirut	C	17	63	Mex. C.	S	20	68
Belfast	F	4	39	Milan	S	0	32
Belgrd.	C	—1	30	Mntreal.	C	—7	19
Berlin	Sn	—1	30	Moscow	S	—9	16
Bmghm.	C	5	41	Munich	S	—6	21
Bristol	S	8	46	Newcstl	C	6	43
Brussels	S	—4	25	N. York	S	2	36
Budpst.	F	—3	27	Oslo	C	—6	21
B. Aires	S	31	88	Paris	S	—2	28
Cairo	S	16	62	Perth	C	20	68
Cardiff	F	5	41	Prague	Sn	—3	27
Chicago	C	—14	6	Rio J'o	C	29	84
Cologne	Sn	—5	23	Rome	F	7	45
Conhgn	C	—2	28	Singapr	S	29	85
Dublin	C	5	41	Stckm	C	—4	25
Ednbgh.	F	4	39	Strasbg.	Sn	—4	25
Frankft	C	—5	23	Sydney	C	25	77
Geneva	F	—4	25	Tehran	C	1	33
Glasgow	S	5	41	Tel Aviv	F	17	63
H. Kong	S	13	55	Tokyo	C	9	48
Jo'burg	S	25	78	Toronto	S	11	12
Lisbon	F	12	54	Vienna	Sn	—3	27
London	C	7	45	Warsaw	C	—2	28
Luxmbg.	S	—9	16	Zurich	F	—6	21

HOLIDAY RESORTS

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	9	48	I. o. Man	R	6	43
Algiers	F	13	55	Jersey	S	7	45
Biarritz	S	7	45	Locarno	S	3	37
Blackpl.	C	5	41	Majorca	F	12	54
Bordx	S	4	39	Malaga	F	16	61
Boulgn.	S	1	34	Malta	R	6	43
Cashca.	C	17	63	Nairobi	S	23	73
Cape T.	S	21	70	Naples	S	6	43
Dbrvnk.	F	3	37	Nice	C	6	43
Faro	F	14	57	Nicosia	C	15	59
Florence	F	2	36	Oporto	S	14	57
Funchal	C	19	66	Salzbrg.	Sn	—4	23
Gibrltr.	F	17	63	Tangier	F	17	63
G'rnsey	S	6	43	Tunis	F	10	50
Innsbrk.	C	—6	21	Valencia	C	13	55
Invrnss	C	3	37	Venice	F	1	34

C—Cloudy. F—Fair. R—Rain. S—Sunny. Sn—Snow.

THE LEX COLUMN

Robust recruit for U.S. "Lloyd's"

A few months ago, the London insurance community was prepared to dismiss the development of the New York Insurance Exchange—the U.S. answer to Lloyd's—as a nine day wonder. But attitudes are changing fast. The news that Willis Faber, one of the biggest Lloyd's brokers, is setting up a new company on the New York Exchange shows just how seriously the embryonic market is now being taken.

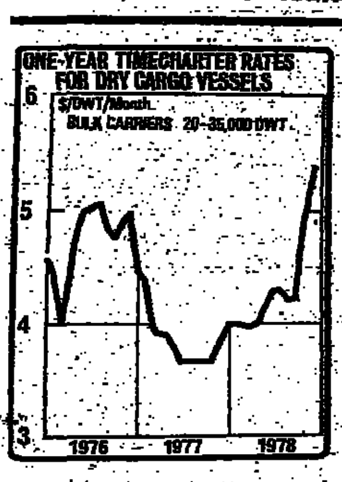
Willis argues that New York will have no adverse impact on the business of Lloyd's for years to come. It cannot hope to match the range of services provided by an established market the size of Lloyd's, and besides there are a number of important differences in its proposed constitution. For instance, since its members will not have unlimited liability, a whopping 5 per cent of premiums will be siphoned off into a central guarantee fund.

Moreover, the move to New York is yet another example of a UK broker attempting to increase its direct exposure to the U.S. market, which produces a bit over half the world's premium income. Rivals like Bowring and Sedgwick Forbes/Bland Payne are planning formal pooling arrangements with U.S. brokers. Willis has not gone this far, at least partly because its particular U.S. friend, Johnson and Higgins, is a private company and deermined to remain so. But the new company in New York is being set up in partnership with Johnson and Higgins, and further joint ventures in the U.S. are promised.

The UK broker also thinks that by the time the new market is operating properly—say, the second half of 1980—the world's insurance market will be needing extra capacity anyway. It believes that the insurance industry is entering a period of unprofitable underwriting, which combined with inflation and an upturn in world trade will wipe out the surplus capacity which is currently evident in several lines of business.

But it is certainly possible that over the long term New York will be attracting capital and premium income that would otherwise have gone to Lloyd's. The first companies to which Willis will be offering its services in New York will be those for which it already manages underwriting business in London. Like other Lloyd's brokers, it only makes a relatively small part of its profits from its existing underwriting agency activities, and it feels no particular constraint about where it does its business.

Index fell 1.3 to 481.5



UK Shipping

There are always a few hardy investors that are prepared to run against the herd and it seemed lately that a few of them have been sniffing around the shipping sector on the off-chance that things are not quite as bad as they look. Over the last couple of months the share price of Ocean Transport has risen by a tenth and in the case of P and O, the industry leader, the price has risen by around a seventh.

Indeed, there are some signs that the world shipping recession is over the worst. In the tanker sector, freight rates rose appreciably in the second half of last year so that owners such as Ocean Transport and London and Overseas Freighters felt sufficiently confident to bring some of their ships out of mothballs. Secondhand prices—a good barometer of the industry's health—are more than 50 per cent above their low point this time last year. In addition, rates for dry cargo ships have improved by around a third over the past year—although the effectiveness of this rise has been reduced by the decline in the dollar.

The proportion of the world shipping fleet laid up has declined from around 8 per cent to about 6 per cent and last year, for the first time in many years, the size of the world tanker fleet actually fell as scrapping exceeded new buildings. There are now less than 20m dwt of new tankers on order against over 50m dwt a couple of years ago and in their latest review of world tanker prospects for the period 1979-82, stockbrokers Tilney and Company are forecasting a "much brighter 1979 and an even better 1980" for tankers. And although Mr. Ronnie Swayne, the President of the General Council of British Shipping, does not see a balance between the supply and demand for tankers being restored before 1983, he said yesterday that there was a "good chance" that the world shipping recession had passed its worst.

The stock market has now resigned itself to some pretty bad figures from Ocean Transport and P & O. The latter may make no more than £12m for the year to December 1978 (against £45m last year) and Ocean will be lucky to clear £10m against £39m. Provided neither of them cuts their dividend, and the betting is that they will not, the optimists are setting their sights on a recovery in profits in the current year.

However, forecasts of any recovery in UK shipping profits in 1979 are premature, to say the least. In the short term UK shipowners are losing around £15m per week of revenue as a result of the current labour troubles. While this may not be lost for ever the impact on current year profits—especially for the UK container operators—should not be underestimated. The second, and possibly more important factors is that since UK shipowners were one of the last sections of the international industry to feel the world shipping recession they will probably be one of the last to recover.

The tanker crisis, which has now been contained, never severely affected the UK majors. Last year, however, the recession hit the bulk trades with a vengeance and this sector is likely to be in balance until 1980-81. Even after the recent rise in dry cargo freight rates a typical 25,000 dwt bulk carrier is only making a token contribution to depreciation and interest charges. Rates will have to double before this sector is happy about its return on capital.

While there is some scope for further recovery in bulk rates if world trade starts growing faster than anticipated, a cloud still remains over the container trades and LPG/LNG tonnage—where UK owners have been investing heavily. There are now signs of serious overcapacity developing in the container trades and OCL's profits after falling from £46.7m in 1976-77 to maybe £35m in 1977-78 could fall still further in 1978-79. Similarly there is no sign of any of the LNG trades being in reasonable balance before 1984. Anyone investing in shipping shares at the moment should be prepared to take the long view.

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